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The President of the Treasury Board :

Annual Report to Parliament on Crown Corporations and other Corporate Interests of Canada

Volume III

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THE PRESIDENT'S MESSAGE

I am pleased to present the eighth consolidated *Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*.

Reporting to Parliament on the affairs of Canada's Crown corporations is an essential part of the accountability framework established under Part X of the *Financial Administration Act* (FAA). This *Annual Report to Parliament* is the principal means by which the government informs Canadians about its corporate holdings. It presents comprehensive information on the mandate, performance and financial data for all parent Crown corporations and their wholly-owned subsidiaries. Information is also presented on the other corporate interests of Canada, such as entities owned jointly with another level of government or the private sector, membership interests, and international organizations.

In my 1990 report, I indicated that considerable progress had been made in more effectively managing our Crown corporations. The need to improve productivity and better manage scarce resources was recognized as a major goal for both corporate executives and government. Significant progress was made in 1990-91 towards achieving this goal and this progress reflects the government's commitment to good expenditure management. A few of the achievements in 1990-91 are discussed below.

Highlights of Achievements in 1990-91

- amendments to the *Financial Administration Act* were enacted to reinforce an effective management relationship between Crown corporations and government and to strengthen their accountability to Parliament;
- the House of Commons approved legislation providing for the wind-up of four parent Crown corporations (Canadian Livestock Feed Board, Canadian Patents and Development Limited, Harbourfront Corporation, and Mingan Associates, Ltd.); and the change of status of two parent Crown corporations (Canada Harbour Place Corporation and Canada Museums Construction Corporation Inc.);
- the government initiated the privatization of Petro-Canada, and sold 19.5 per cent of the corporation to the private sector. The initial public share offering was completed in July 1991;
- in the 1991 federal Budget, the government announced that it will sell its shares in Telesat Canada, sell CN's oil and gas division, CN Exploration, and wind up Petro-Canada International Assistance Corporation;
- improved operating efficiencies led to a reduction of approximately 6,000 employees on Crown corporation payrolls since 1989-90;
- financing required from the Government of Canada by means of budgetary funding increased only marginally in 1990-91. Over the last five years, this funding has declined by about $0.5 billion or 11 per cent, in 1986 constant dollars;
- financing required through borrowings from the Government of Canada continued to decrease in 1990-91. Over the last five years, there has been a decline of $2.3 billion (in current dollars) or 14 per cent, in the indebtedness of Crown corporations to the Government of Canada;
- Crown corporation profits increased substantially to reach $503 million. Dividends and other contributions to the Government of Canada increased by 41 per cent over the previous year, reaching $210 million in 1990-91.

Further details of these and other developments are presented in Part I Section I of this report, **Overview of the Crown Corporation Portfolio.**

Additional Information in This Report

Pursuant to the amendments to the *Financial Administration Act* passed into law on May 8, 1991, my previous *Quarterly Report to Parliament on Tablings of Summaries and Annual Reports for Crown Corporations* is now required to be presented annually. This information appears in Part II of this report.

Continued Commitment to Effective Management

Solid progress has been made in promoting sound management of Canada's corporate interests. Moreover, the recent changes to Part X of the FAA will help build on the momentum achieved thus far.

In light of the current fiscal framework, Crown corporations have also been asked, as employers, to comply with the spirit of the government's wage restraint policy. Moreover, the Chief Executive Officers and chairpersons of Crown corporations will see their salaries frozen in 1991-92 and will not receive performance pay for this period.

Crown corporations will continue to play an important role in Canada's economy and public life, not only by delivering key goods and services, but through their important contributions to our national identity. As we face the difficult challenges of the 1990s, our Crown corporations must continue to accomplish their public policy goals through the most cost-efficient means. Their current contribution to federal deficit reduction will help us ensure a prosperous future for all Canadians.

Gilles Loiselle

Ottawa, Ontario
November 8, 1991

INTRODUCTION

The President of the Treasury Board's Annual Report to Parliament

The President of the Treasury Board's Annual Report to Parliament summarizes the businesses and activities of all parent Crown corporations and the other corporate interests of the Government of Canada. It includes listings of all Crown corporations and of all corporations of which any shares are held by, on behalf of, or in trust for the Crown or any Crown corporation. In addition to individual audited financial statements for the parent Crown corporations, aggregated employment and financial data, including borrowings of parent Crown corporations, and other information are provided. The Report is divided into four parts:

Part I provides consolidated financial data on all parent Crown corporations, as reported by them at their financial year-end falling on or before July 31, 1991. It also provides other corporation-specific and aggregated information and lists the subsidiaries of Crown corporations. This year, an overview of the portfolio of parent Crown corporations has been added.

Part II reports on the tablings in Parliament of corporate plan and budget summaries and annual reports for each parent Crown corporation.

Part III lists all other corporate interests of Canada other than Crown corporations, and provides supplementary information about them.

Part IV contains the audited financial statements for each of the parent Crown corporations.

The Report responds to Sections 151(1) and 152(1) of Part X of the *Financial Administration Act*. During the upcoming year the advantages of releasing the Annual Report as a separate publication to replace Volume III of the Public Accounts will be evaluated. This year, it is being tabled as a separate Annual Report to Parliament and will also be included as Volume III of the Public Accounts of Canada which are referred to the Standing Committee on Public Accounts for review.

Statement of Responsibility

This Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada is prepared under the direction of the President of the Treasury Board by the Crown Corporations Directorate of the Department of Finance and Treasury Board Secretariat. It responds to requirements of the *Financial Administration Act* that a consolidated report on the businesses and activities of parent Crown corporations, including information on all Crown corporations and other corporate interests of Canada, be tabled in Parliament.

ANNUAL REPORT TO PARLIAMENT ON CROWN CORPORATIONS AND OTHER CORPORATE INTERESTS OF CANADA

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BUSINESSES AND ACTIVITIES OF PARENT CROWN CORPORATIONS

PART I

BUSINESSES AND ACTIVITIES OF PARENT CROWN CORPORATIONS

Introduction

Part I of this Annual Report is a compilation of the financial affairs of 58 parent and three acting parent Crown corporations at their financial year-ends, including:

- the 50 parent Crown corporations contained in the listings of Schedule III of the FAA, that is, 35 in Part I and 15 in Part II;
- eight parent Crown corporations which, by s. 85(1) of the FAA, are exempt from the provisions of divisions I to IV of Part X of the FAA.
- three subsidiaries of listed corporations which, by Orders pursuant to s. 86(2) of the FAA, report their affairs as if they were parent Crown corporations: Canada Lands Company (Mirabel) Limited, Old Port of Montreal Corporation Inc., and Petro-Canada International Assistance Corporation.

It consists of four sections:

1. **Overview of the Crown Corporation Portfolio**
    - The **Overview of the Crown Corporation Portfolio** identifies the industries within which the corporations operate, and presents a summary of the major events affecting Crown corporations during the past year including an assessment of underlying trends and performance.
2. **Summary Financial Information and Employment Data**
    - **Table 1** presents financial and employment data for each parent Crown corporation as at the corporation's year-end.
    - **Table 2** provides data on the net earnings (loss), cash flow and financing activities as at each parent Crown corporation's year-end.
    - **Table 3** compares the financial position of parent Crown corporations with the total recorded investment of government as at March 31, 1991, the federal government's fiscal year-end. The table segregates Canada's investments into loans and advances, and investment in these corporations.

      Note: The Bank of Canada is excluded from the summary tables because of the unique nature of its operations.
3. **Summary Pages for each Parent Crown Corporation**
    - This section contains a summary page for each parent Crown corporation. Each page summarizes the corporation's financial performance for the past five years, and presents basic information about the corporation's mandate and background, along with general corporate data.

4. Listings of Crown Corporations and their Investments

The *Financial Administration Act* states that the Report of the President shall include a list naming, as of a specified date, **all Crown corporations** of which any shares are held by, on behalf of, or in trust for the Crown or any Crown corporation.

- The **Statistical Summary of Crown Corporations and their Investments** presents the number of parent Crown corporations, subsidiaries and associates on a comparative basis with those of the previous year.

These listings are grouped as:

- **Listings of Parent Crown Corporations with their Wholly-owned Subsidiaries, Other Subsidiaries and Associates**. Any change in the status of these corporations between their respective corporate year-ends and July 31, 1991 is noted in a footnote.

- **Changes to the Listings During the Year** shows the names of parent Crown corporations and changes in their holdings, e.g, subsidiaries and associates deleted or added to the listings, since the last Annual Report. The changes are measured from their previous corporate year-end.

1. OVERVIEW OF THE CROWN CORPORATION PORTFOLIO

The following section presents a current and retrospective review of the structure, performance and activities of the parent corporations in the federal Crown corporation portfolio.

I SECTORAL OVERVIEW

CHART A, Portfolio of Parent Crown Corporations by Sector, presents the individual Crown corporations in the portfolio in relation to seven sectors of the economy: transportation, energy and resources, agriculture and fisheries, development and construction, government services, culture, and financial intermediaries. The portfolio consists of 58 parent corporations, and three Crown corporations -- Canada Lands Company (Mirabel) Limited, Old Port of Montreal Corporation Inc., Petro-Canada International Assistance Corporation -- that have been directed to report as parent corporations.

In aggregate, Crown corporations' total assets of $80.5 billion in 1990-91 were concentrated in the government services and finance sectors, which together accounted for 67 per cent of the total. Excluding the Bank of Canada, total assets amounted to $55.3 billion.

Total employment stood at 134,803 for the 1990-91 reporting period, and was concentrated in the transport and government services sectors which together accounted for 72 per cent of the total. Canadian National Railway Company (CN) in the transport sector and Canada Post Corporation, in government services, provided over 62 per cent of all Crown corporation employment during this period.

II PORTFOLIO RATIONALIZATION

The 1991 federal Budget reaffirmed the government's commitment to privatization and announced that future net proceeds from the sale of Crown corporations would go to the Debt Servicing and Reduction Account, which will be used for deficit reduction.

In the twelve-month period ending July 31, 1991, the government:

- announced in the February 26, 1991, Budget its intention to sell CN's oil and gas operation, CN Exploration;
- announced on June 11, 1991, its intention to accept an offer for the sale of Nordion International Inc.;
- completed the sale of over 42 million shares of Petro-Canada at $13 each on July 3, 1991;
- completed the sale of 10.4 million shares of Cameco Corporation at $12.50 each on July 11, 1991.

As well, the government tabled Bill C-38, the *Telesat Canada Reorganization and Divestiture Act* on October 23, 1991, to sell its shares in Telesat Canada. The government is also seeking a purchaser for Theratronics International Limited.

Bill C-8, *The Crown Corporations Dissolution or Transfer Authorization Act*, which was passed by the House of Commons and referred to the Senate in May 1991, provides for a change in status for six Crown corporations: four Crown corporations -- the Canadian Livestock Feed Board, Canadian Patents and Development Limited, Harbourfront Corporation and Mingan Associates, Ltd. -- will be wound up and the ownership of Canada Harbour Place Corporation and the Canada Museums Construction Corporation Inc. will be transferred to other federal entities. The 1991 Budget also announced that Petro-Canada International Assistance Corporation would be wound up.

Since the May 1985 federal Budget, which announced the government's intention to privatize Crown corporations and other holdings no longer requiring public ownership, twenty privatization initiatives have been undertaken and nine corporations have been wound up.

Chart A

PORTFOLIO OF PARENT CROWN CORPORATIONS BY SECTOR

(At the corporate year-ends, falling on or before July 31, 1991)

Transport
Assets: $10.1 b — Employment: 47,494

- Canadian National Railway Company
- Canada Ports Corporation
- Local Port Corporations (7)†
- Marine Atlantic Inc.
- Pilotage Authorities (4) †
- St. Lawrence Seaway Authority, The
- VIA Rail Canada Inc.

Energy and Resources
Assets: $8.6 b — Employment: 17,215

- Atomic Energy of Canada Limited
- Cape Breton Development Corporation
- Petro-Canada ✓
- Petro-Canada Limited ‡

Agriculture and Fisheries
Assets: $5.9 b — Employment: 593

- Canadian Dairy Commission
- Canadian Livestock Feed Board★
- Canadian Saltfish Corporation
- Canadian Wheat Board, The
- Freshwater Fish Marketing Corporation

Development and Construction
Assets: $0.4 b — Employment: 1,085

- Canada Harbour Place Corporation ★
- Canada Lands Company Limited ~
- Canada Museums Construction Corporation ★
- Defence Construction (1951) Limited
- Harbourfront Corporation ★
- National Capital Commission

Government Services
Assets: $29.7 b — Employment: 50,170

- Bank of Canada
- Canada Development Investment Corporation
- Canada Post Corporation
- Canadian Commercial Corporation
- Canadian Patents and Development Limited ★
- Royal Canadian Mint
- Standards Council of Canada

Cultural Sector Corporations
Assets: $1.3 b — Employment: 12,240

- Canada Council
- Canadian Broadcasting Corporation
- Canadian Film Development Corporation
- Canadian Museum of Civilization
- Canadian Museum of Nature
- National Arts Centre Corporation
- National Gallery of Canada
- National Museum of Science and Technology

Financial Intermediaries
Assets: $24.5 b — Employment: 5,462

- Canada Deposit Insurance Corporation
- Canada Mortgage and Housing Corporation
- Enterprise Cape Breton Corporation
- Export Development Corporation
- Farm Credit Corporation
- Federal Business Development Bank

Inactive
Assets: Negl. — Employment: 0

- CN (WI) Steamships Ltd.
- Mingan Associates Ltd. ★
- Teleglobe Canada

Other
Assets: $0.03 b — Employment: 544

- Canadian Institute for International Peace and Security
- International Centre for Ocean Development
- International Development Research Centre

LEGEND

† The Local Port Corporations include: Halifax; Montreal; Prince Rupert; Quebec; Saint John; St. John's and Vancouver. The Pilotage Authorities are the Atlantic, Great Lakes, Laurentian and Pacific authorities.

✓ Subsequent to the corporate year-end of Petro-Canada (December, 1990), an initial public offering was completed on July 3, 1991 for 19.5% of the corporation. The corporation is therefore no longer a parent Crown corporation as of this date.

‡ Petro-Canada International Assistance Corporation, a wholly-owned subsidiary of Petro-Canada Limited, was requested by Order in Council to report as if it were a parent Crown corporation. The 1991 federal Budget announced that it would be wound up.

★ Bill C-8 will provide for a change in status for these six corporations: the wind up of four corporations and transfer of ownership of two more to other entities.

~ Canada Lands Company (Mirabel) Limited and Old Port of Montreal Corp. Inc., wholly-owned subsidiaries of Canada Lands Company Limited, were requested by Order in Council to report as if they were parent Crown corporations. As of March 31, 1991, the former corporation ceased operations as its mandate has now been fulfilled and is therefore no longer acting on this basis.

b billions of dollars

III ENHANCING FINANCIAL AND OPERATING PERFORMANCE: A FIVE-YEAR RETROSPECTIVE

Employment

CHART B, Employment, illustrates the decline in full-time Crown corporation employment during the last five years, from 183,000 in 1986-87 to about 135,000 in 1990-91, a decrease of 26 per cent. This reduction results from two key elements of the government's fiscal agenda -- the privatization or dissolution of corporations no longer fulfilling public policy objectives, and increased operational efficiencies in Crown corporations. Approximately 58 per cent of the net decline in Crown corporation employment over the last five years is attributable to privatization and 42 per cent to efficiency gains. Efficiency gains led to employment reductions of 6,000 among the Crown corporations since 1990.

Profits and Cash Flow

Fifteen of Canada's Crown corporations operate in a commercial and competitive environment. They are listed under Part II of Schedule III of the *Financial Administration Act* (FAA). Despite the impact of the recession, these commercial parent Crown corporations generated profits of $227 million in 1990-91, compared to $137 million in 1989-90, and maintained a cash flow of $1.2 billion in 1990-91 consistent with 1989-90.

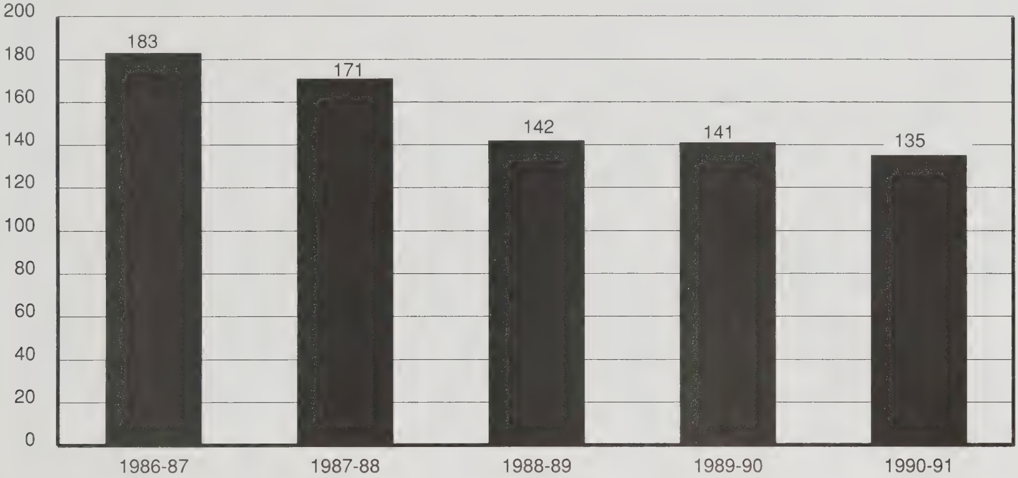
Dividends

Dividends and other contributions to Canada paid or declared by Crown corporations in 1990-91 totalled $210 million, an increase of 41 per cent over the previous year. Of the fifteen commercial Crown corporations, which normally would be expected to generate profits, twelve paid dividends or made other contributions to Canada in 1990-91 compared to nine corporations in 1989-90. The largest contributions were made by: Canada Ports Corporation and the Local Ports Corporations ($98 million); Canada Post Corporation ($60 million); and Petro-Canada ($35 million).

Budgetary Payments from Canada

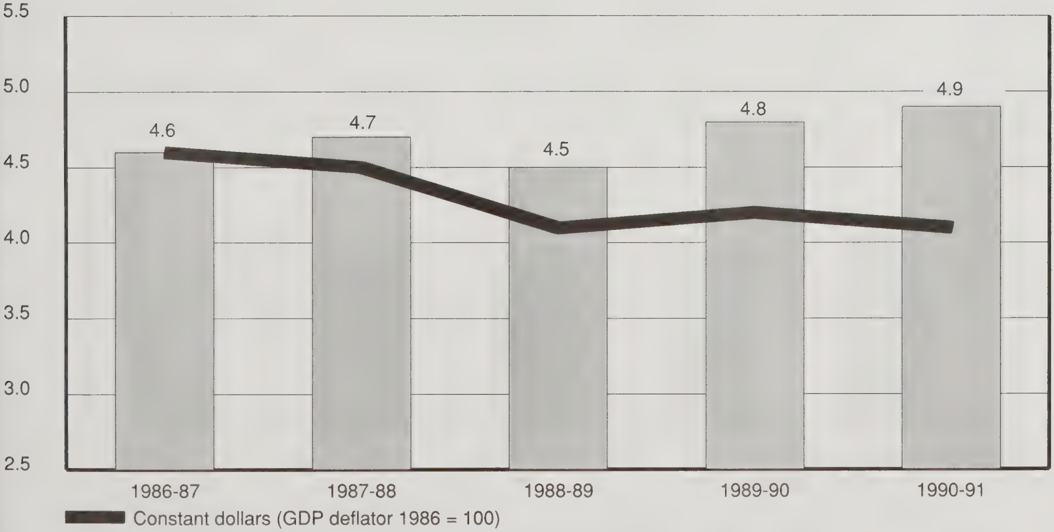
Thirty-eight parent Crown corporations received appropriations from Canada to cover program costs or capital expenditures in 1990-91. As a whole, payments to these corporations increased marginally by 1 per cent in 1990-91 to $4.9 billion from $4.8 billion in 1989-90, as depicted in **CHART C, Budgetary Appropriations.** Over the last five years, budgetary funding, in 1986 constant dollars, has declined by 11 per cent.

Chart B : **EMPLOYMENT***
1986-87 TO 1990-91
in thousands of employees



* Includes Bank of Canada employment
Source: Annual reports of Crown corporations and other sources.

Chart C : **BUDGETARY APPROPRIATIONS**
1986-87 TO 1990-91
in billions of dollars



Source: Audited financial statements of Crown corporations, found in part IV of this report.

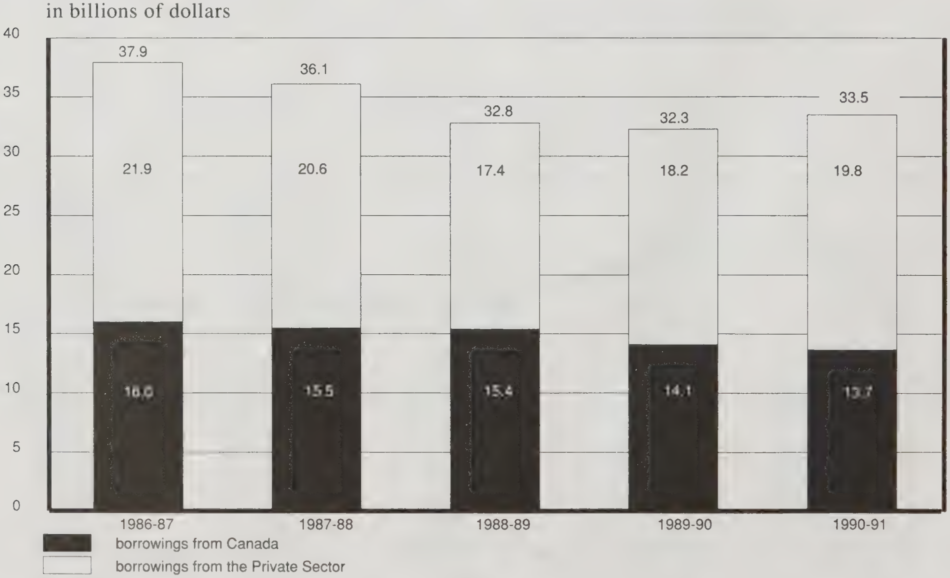
Borrowings

CHART D, Total Borrowings by Crown Corporations, illustrates that, over the last five years, total borrowings outstanding by Crown corporations have declined to $33.5 billion in 1990-91, a 13 per cent decline from the level of $37.9 billion in 1986-87. Borrowings from Canada continued their downward trend, from $16 billion in 1986-87 to $13.7 billion in 1990-91.

Government of Canada's Investment

Canada's financial interest in Crown corporations at March 31, 1991, was $22.4 billion (before a consolidation adjustment and allowance for valuation). Over the last five years, loans, investments and advances by the government to Crown corporations have decreased by $ 3.0 billion or 12 per cent. Further details may be found in Volume I of the *Public Accounts of Canada*, Section 6.

Chart D : **TOTAL BORROWINGS BY CROWN CORPORATIONS***
1986-87 TO 1990-91



* Excluding Bank of Canada.
Source: Audited financial statements of Crown corporations, found in part IV of this report.

IV SELECTED CORPORATE HIGHLIGHTS

Highlights of significant corporate developments during 1990-91 include:

Atomic Energy of Canada Limited (AECL) announced a new contract at the end of 1990 with the Korea Electric Power Corporation to build a new nuclear power reactor, Wolsung 2. This will involve twinning the existing Wolsung 1 with another 600 MW unit. The project will require $400 million in Canadian design, engineering and equipment, the bulk of which will come from the private sector. During 1990, AECL was invited to negotiate with Romania for a new contract to complete the first of its partially-built Candu reactors.

Canada Deposit Insurance Corporation continued to reduce the deficiency in the Deposit Insurance Fund, from a deficit of $0.85 billion in 1989 to $0.6 billion in 1990 -- an improvement of 25 per cent. Over the last five years, the deficiency has come down by 48 per cent, from a high of $1.25 billion in 1986. The corporation's objective is to eliminate the Deposit Insurance Fund deficit by 1994.

Canada Development Investment Corporation (CDIC): In July 1991, Cameco Corporation, which was 38.5 per cent owned by Canada Eldor Inc., (a CDIC subsidiary), and the Government of Saskatchewan (61.5 per cent) through the Saskatchewan Mining and Development Corporation, undertook an initial public offering of 20 per cent of its shares. The intention is to sell the remaining shares to the public by 1995, market conditions permitting. Canada Development Investment Corporation also commenced the sale processes for Nordion International Inc. and Theratronics International Limited during 1990-91.

Canada Lands Company (Mirabel) Limited ceased operations on March 31, 1991. Steps are being taken to dissolve the corporation as its mandate has now been fulfilled. As of April 25, 1991, it will no longer report as an acting parent Crown corporation.

Canada Mortgage and Housing Corporation (CMHC) has continued to assist in providing affordable, suitable and adequate shelter for Canadians. Its commitment to assist 42,000 new social housing units in 1990-91 brought the total number of housing units receiving subsidies to over 640,000. In addition, its Mortgage Insurance Fund continued to assist private sector market housing and operated on a self-sufficient basis, earning $117 million of net income during 1990 and increasing its year-end surplus to $164 million.

Canada Ports Corporation and the seven Local Port Corporations reported record revenues of $180 million from their operations in 1990. Part of the increase can be attributed to a rebound in the volume of grain handled across the Ports Canada system after the slump brought on by the 1988-89 drought. Traffic volumes were up at most of the Ports Canada ports, most noticeably at Vancouver, Québec and Montreal. In the 1990 federal Budget, the government requested that Canada Ports Corporation and the Local Port Corporations pay dividends of about $100 million as a contribution towards federal deficit reduction in 1990. This contribution was received in 1990-91.

Canada Post Corporation recorded a $14 million profit for 1990-91, the third consecutive profitable year for the corporation, and paid a dividend to the government of $60 million in 1990-91 and subsequently $5.7 million in June 1991. Nearly 10 billion pieces of mail were delivered in 1990-91, an increase of 6 per cent from 1989-90, and 97 per cent of properly-prepared letter mail was delivered on time.

Canadian Broadcasting Corporation (CBC) undertook a corporate reorganization to remove unnecessary duplication, delegate responsibility and accountability, and foster more efficient and effective management. In the process, the 1990-91 budget was reduced by $35 million. A further restructuring and expenditure reduction plan was announced on December 5, 1990 in order to meet a projected $108 million shortfall in fiscal year 1991-92. The measures included restructuring regional television services, ceasing local production in three television stations and downsizing eight others, recovering the cost of carrying the Parliamentary channels and Radio Canada International, and reducing the work force by approximately 1,100 positions.

Canadian National Railway Company (CN): The corporation's net income declined to $7.7 million from $205.8 million in 1989. This was attributable to the economic downturn, lower export trade by many railway customers, and continuing competition from the trucking industry. Despite this, the company did succeed in further reducing its long-term debt during 1990, from $1.87 billion to $1.76 billion.

The ***Export Development Corporation*** (EDC) and Canadian exporters faced difficult circumstances during 1990 due to a slowdown in world economies, the Persian Gulf crisis and aggressive use of concessional financing by other exporting countries. Debt problems in developing countries resulted in a $304 million increase in EDC's non-performing loans. In spite of this, EDC increased its business volume by 7 per cent to $6.1 billion, and after providing $96 million for loan losses and insurance claims, earned a small profit of $6.3 million compared to a loss in the previous year of $198.8 million.

Farm Credit Corporation (FCC) continues to manage its recovery in the midst of on-going challenging business conditions. In accordance with its 1988 Recovery Plan, $200 million of Consolidated Revenue Fund debt was converted to equity in 1990-91, in addition to the $600 million converted the previous year. The Recovery Plan contributed to improved financial performance resulting in a net income of $20 million for 1990-91, its first profit since 1981-82. The Corporation is making progress in reducing arrears by working cooperatively with farmers and the Farm Debt Review Boards.

Marine Atlantic Inc. held its 1990-91 operating subsidy at $120 million, without reductions in service to the public. This was achieved largely through greater operating efficiency and productivity improvements, including a reduction of 100 employees, mostly at head office.

Museums: On July 1, 1990, the *Museums Act* established four new parent Crown corporations (the ***Canadian Museum of Civilization, Canadian Museum of Nature, National Gallery of Canada***, and ***National Museum of Science and Technology***). Previously, all four had been part of the National Museums Corporation. The corporations released their first annual reports and audited financial statements for the nine-month period ending March 31, 1991.

Petro-Canada's net income increased to $181 million in 1990 from $20 million in the previous year, while its cash flow rose by 37 per cent to $621 million. This improvement was aided by the rise in oil prices following the 1990 invasion of Kuwait, to an average of U.S. $24.50 per barrel from U.S. $19.58 per barrel in 1989. Other significant events during the year included the acquisition of ICG Propane Inc. and the start of construction on Hibernia in which the company has a 25 per cent interest. In July, 1991 the first tranche of Petro-Canada's privatization was completed with the sale of 19.5 per cent of Petro-Canada's shares for total proceeds of $546 million. Petro-Canada strengthened its capital structure by using the net proceeds of the initial public offering to reduce its short-term debt.

The ***Royal Canadian Mint*** (RCM) continued to report profits, and ended 1990 with net income of $10.4 million, a 33 per cent increase from the $7.8 million reported in 1989. During 1990, the RCM paid dividends totalling $2.3 million to the Government of Canada (based on 1989 earnings).

VIA Rail Canada Inc.: During the past year, VIA operated a smaller, restructured network at reduced cost to the taxpayer. At the same time, improvements in productivity, performance and quality of service were realized. VIA received $382 million in budgetary payments during 1990, compared to $532 million in the previous year.

V GOVERNMENT POLICIES AFFECTING CROWN CORPORATIONS

As instruments of public policy, Canada's Crown corporations are expected to comply with the spirit of the government's broader policies. In particular, Crown corporations are required to implement two government policies: official languages and employment equity.

With respect to **official languages**, the Treasury Board Secretariat is working jointly with Crown corporations to ensure implementation of the *Official Languages Act* adopted in 1988, most notably through official languages agreements. A total of $2.6 million was allocated (under the terms of section 109 of the *Official Languages Act*) to projects developed by Crown corporations in 1990-91. Designed to assist Crown corporations to meet their obligation to create a workplace conducive to the use of both English and French as languages of work in prescribed areas of the country, the program has funded projects totalling over $10 million in the three years since the promulgation of the Act. The President of the Treasury Board tables an Annual Report to Parliament on the status of official languages programs in all federal institutions, including Crown corporations.

As regards **employment equity**, Crown corporations and other federally regulated employers with 100 employees or more are required under the *Employment Equity Act* to implement employment equity and to report annually on the results to the Minister of Employment and Immigration. Detailed statistical data on employment equity in Crown corporations and other federally regulated business organizations are published in the **Annual Report to Parliament on Employment Equity**, tabled by the Minister of State for Employment and Immigration.

On March 31, 1991, the Treasury Board Secretariat completed its six-year project of assisting and advising Crown corporations in the development, implementation and analysis of employment equity strategies. Moderate progress has been made in increasing the representation of the four designated groups -- women, visible minorities, persons with disabilities and aboriginal peoples -- over the six-year period. Although Crown corporations are no longer required to provide an annual employment equity action plan to the Treasury Board, the requirement to report under the *Employment Equity Act* remains in place.

2. Summary Financial Information and Employment Data

Financial Information and Employment Data: Description of Tables 1 and 2

Tables 1 and 2, summarize financial data, including employment and aggregate borrowings by corporations, as of their financial year-ends,falling on or before July 31, 1991, in accordance with the requirement in subsection 151(3)(b) of the *Financial Administration Act* (FAA). The year-ends of the corporations vary (i.e. March, April, July, August and December) and the data for individual corporations is from the most current year-end on or preceding July 31. The audited financial statements for each Crown corporation, from which the data was extracted, are found in Part IV of this report.

Reporting of data is based on the following definitions:

- **Liabilities** (current and long-term) include obligations (defined as short-term and long-term borrowings and capital leases) and other liabilities (accounts payable, accruals, and deferrals and other). The sum of current and long-term liabilities is the total liabilities.
- **Shareholder's Equity** represents the equity of Canada. For some corporations, the excess of assets over liabilities is not deemed to be Equity of Canada because of the nature of their operations.
- **Employment** is the number of employees as at the financial year-end of the corporation. The data relate to full-time employment in all parent Crown corporations listed in the *Financial Administration Act* and their wholly-owned subsidiaries at corporate year-end, as provided by the corporations.
- **Net Earnings (Loss)** is after taxes, where applicable, and all extraordinary items. In some cases, net earnings (loss) is "Excess of Parliamentary appropriation over cost of operations".
- **Cash Flow** from operations is defined as Net Earnings (Loss) from operations plus or minus items not requiring cash outlay for example, depreciation, amortization, gain on disposal of assets, etc.
- **Changes to Obligations,** also called changes in net borrowings, includes changes during the financial period in outstanding long-term and short-term borrowings and capital leases.
- **Budgetary Funding from Canada** comprises Parliamentary appropriations given to the parent Crown corporations and their wholly-owned subsidiaries for capital and operating purposes. Payments for which a class or kind of recipient is eligible are excluded from these data. (An example of such an exclusion is payments to railways under the *Maritime Freight Rates Act*).

Comparison of Financial Position With Recorded Investment of Government: Description of Table 3

This table compares the financial position of each parent Crown corporation with the total recorded investment of the government in these corporations as at March 31, 1991, the government's year-end. The information is drawn from Volume I of the Public Accounts of Canada and is based on the financial statements for each Crown corporation. Since more than one-half of the corporations have other than March 31 year-ends, most of the data have been obtained from unaudited financial statements.

Reporting of data is based on the following definition:

- **Loans and Advances, and Investments** represent amounts recorded as assets (financial claims represented by debt instruments and ownership interests) in the accounts of Canada.

Table 1

FINANCIAL POSITION AND EMPLOYMENT OF PARENT CROWN CORPORATIONS
(at corporate year-end, falling on or before July 31, 1991; $ million)

Corporations	Year-end	Total Assets	Current Liabilities	Long-term Liabilities	Shareholder's Equity	Employment[6]
FAA Schedule III-I:						
Atlantic Pilotage Authority	December 31	2.4	0.9	0.5	0.9	77
Atomic Energy of Canada Limited	March 31	957.2	172.7	564.1	220.4	4,531
Canada Deposit Insurance Corporation[7]	December 31	643.6	279.4	1,006.7	(642.6)	65
Canada Harbour Place Corporation	March 31	65.7	0.4	nil	65.2	26
Canada Lands Company Limited	March 31	nil	nil	nil	nil	nil
Canada Lands Company (Vieux-Port de Québec) Inc.[3]	March 31	0.5	0.3	nil	0.2	nil
Canada Lands Company (Mirabel) Limited[1]	March 31	0.6	0.6	nil	nil	nil
Canada Mortgage and Housing Corporation						
Corporate Account	December 31	9,056.8	494.8	8,512.0	50.0	3,002
Minister's Account	December 31	nil	nil	nil	nil	—
Mortgage Insurance Fund	December 31	1,106.2	7.5	934.4	164.4	—
Mortgage-Backed Securities Guarantee Fund	December 31	11.4	nil	8.1	3.3	—
Home Improvement Loan Insurance Fund	December 31	1.3	nil	nil	1.3	—
Rental Guarantee Fund	December 31	16.7	nil	nil	16.7	—
Canada Museums Construction Corporation Inc.	March 31	6.3	6.6	nil	(0.3)	10
Canadian Commercial Corporation	March 31	986.2	940.0	0.9	45.3	95
Canadian Dairy Commission	July 31	232.4	90.6	141.8	nil	71
Canadian Livestock Feed Board	March 31	1.9	2.3	nil	(0.4)	24
Canadian Museum of Civilization	March 31	23.7	9.7	3.1	10.9	475
Canadian Museum of Nature	March 31	5.8	3.1	1.9	0.8	255
Canadian National (West Indies) Steamships, Ltd.	December 31	1.7	nil	0.3	1.3	nil
Canadian Patents and Development Limited	March 31	1.9	0.9	nil	1.0	8
Canadian Saltfish Corporation	March 31	8.4	33.8	0.2	(25.6)	28
Cape Breton Development Corporation	March 31	411.3	68.8	nil	342.5	2,850
Defence Construction (1951) Limited	March 31	2.4	2.4	2.5	(2.4)	244
Enterprise Cape Breton Corporation	March 31	18.7	2.0	nil	16.7	50
Export Development Corporation	December 31	7,040.2	3,102.1	3,151.9	786.1	530
Farm Credit Corporation	March 31	3,810.4	727.6	2,936.2	146.6	719
Federal Business Development Bank	March 31	2,789.2	437.0	1,984.1	368.0	1,096
Freshwater Fish Marketing Corporation	April 30	18.6	14.6	0.6	3.4	40
Great Lakes Pilotage Authority, Ltd.	December 31	2.8	2.3	3.3	(2.8)	100
Harbourfront Corporation	March 31	20.8	3.5	2.2	15.1	6
International Centre for Ocean Development	March 31	2.7	2.5	nil	0.2	58
Laurentian Pilotage Authority	December 31	5.1	5.7	0.7	(1.3)	267
Marine Atlantic Inc.	December 31	484.1	71.8	411.2	1.1	3,228
Mingan Associates, Ltd.	December 31	nil	nil	nil	nil	nil
National Capital Commission	March 31	350.9	26.5	7.0	317.4	750
National Gallery of Canada	March 31	22.7	9.9	3.8	9.0	258

National Museum of Science and Technology	March 31	11.1	5.0	1.1	5.0	186
Old Port of Montreal Corporation Inc.[1]	March 31	6.1	5.9	0.3	nil	49
Pacific Pilotage Authority	December 31	4.0	1.6	0.5	1.8	175
Petro-Canada International Assistance Corporation[1,2]	March 31	0.1	0.1	nil	negl.	28
St. Lawrence Seaway Authority, The	March 31	593.5	14.0	13.2	566.3	918
Jacques Cartier and Champlain Bridges Incorporated[3]	March 31	23.5	4.4	0.4	18.7	36
Seaway International Bridge Corp. Ltd.[3]	December 31	0.8	0.6	0.2	negl.	18
Standards Council of Canada	March 31	2.1	0.8	0.3	1.0	52
VIA Rail Canada Inc.	December 31	931.8	197.4	71.0	663.4	4,525
Total FAA Schedule III-I corporations		29,683.5	6,750.1	19,764.5	3,168.7	24,850
FAA Schedule III-II:						
Canada Development Investment Corporation	December 31	620.8	344.7	464.9	(188.9)	10
Canada Ports Corporation	December 31	124.2	20.2	6.6	97.3	160
Canada Post Corporation	March 31	2,662.0	739.6	477.4	1,444.9	46,967
Canadian National Railway Company	December 31	7,028.3	1,307.3	2,175.4	3,545.6	36,977
Halifax Port Corporation	December 31	70.0	4.4	3.4	62.1	95
Montreal Port Corporation	December 31	231.2	24.7	11.0	195.5	494
Petro-Canada	December 31	7,278.0	1,882.0	2,725.0	2,671.0	9,806
Canertech Inc.[3]	December 31	n.a	n.a	n.a	n.a	n.a
Petro-Canada Ltd.[5]	December 31	—	—	—	nil	nil
Port of Quebec Corporation	December 31	67.8	10.2	1.0	56.6	105
Prince Rupert Port Corporation	December 31	112.0	3.4	65.2	43.5	18
Royal Canadian Mint	December 31	107.8	25.8	17.0	65.0	737
Saint John Port Corporation	December 31	92.1	5.5	40.9	45.7	58
St. John's Port Corporation	December 31	17.3	1.0	2.8	13.5	17
Teleglobe Canada	December 31	0.3	negl.	nil	0.3	nil
Vancouver Port Corporation	December 31	307.9	29.0	4.7	274.2	226
Total FAA Schedule III-II corporations		18,719.6	4,397.8	5,995.3	8,326.3	95,670
Total FAA Schedule III corporations		48,403.1	11,147.9	25,759.9	11,495.0	120,520
Exempt (FAA Unscheduled)						
Bank of Canada[4]	December 31	—	—	—	—	—
Canada Council	March 31	180.1	29.0	nil	151.0	233
Canadian Broadcasting Corporation	March 31	1,020.0	229.1	139.2	651.0	10,331
Canadian Film Development Corporation	March 31	20.8	5.4	0.4	15.1	189
Canadian Institute for International Peace and Security	March 31	2.0	0.3	nil	1.7	42
Canadian Wheat Board, The	July 31	5,611.8	1,099.6	4,512.2	nil	430
International Development Research Centre	March 31	24.7	10.9	5.2	8.6	444
National Arts Centre Corporation	August 31	7.7	7.1	0.7	(0.1)	313
Total, exempt corporations		6,867.0	1,381.4	4,657.7	827.2	11,982
Grand Total, parent Crown corporations[4]		55,270.1	12,529.3	30,417.6	12,322.2	132,502

See Notes following these tables.

negl. = negligible
n.a = not available
— = not applicable

Table 2

NET EARNINGS (LOSS), CASH FLOW AND FINANCING ACTIVITIES OF PARENT CROWN CORPORATIONS
(at corporate year-end, falling on or before July 31, 1991; $ million)

Corporations	Net Earnings (Loss)	Cash Flow	Changes to Obligations (Net Borrowings)		Budgetary Funding
			Private Sector	Canada	
FAA Schedule III-I:					
Atlantic Pilotage Authority	(0.3)	(0.1)	0.4	(0.1)	0.2
Atomic Energy of Canada Limited	7.8	15.6	(1.8)	(31.8)	167.5
Canada Deposit Insurance Corporation	208.2	120.8	nil	(156.3)	nil
Canada Harbour Place Corporation	(1.7)	0.3	nil	nil	nil
Canada Lands Company Limited	nil	nil	nil	nil	nil
Canada Lands Company (Vieux-Port de Québec) Inc.[3]	nil	nil	nil	nil	nil
Canada Lands Company (Mirabel) Limited[1]	(0.4)	(1.7)	nil	nil	0.1
Canada Mortgage and Housing Corporation					
Corporate Account	11.2	13.4	nil	(116.4)	nil
Minister's Account	nil	nil	nil	nil	1,971.3
Mortgage Insurance Fund	117.0	186.0	nil	nil	nil
Mortgage-Backed Securities Guarantee Fund	2.5	4.5	nil	nil	nil
Home Improvement Loan Insurance Fund	0.2	nil	nil	nil	nil
Rental Guarantee Fund	1.1	nil	nil	nil	nil
Canada Museums Construction Corporation Inc.	nil	nil	nil	nil	7.9
Canadian Commercial Corporation	6.7	6.7	130.7	nil	14.9
Canadian Dairy Commission	9.2	—	(16.9)	(8.0)	270.0
Canadian Livestock Feed Board	(18.3)	(18.3)	nil	nil	18.7
Canadian Museum of Civilization	(28.5)	(26.7)	nil	nil	29.4
Canadian Museum of Nature	(13.8)	(13.2)	nil	nil	13.6
Canadian National (West Indies) Steamships, Ltd.	0.2	—	nil	negl.	nil
Canadian Patents and Development Limited	0.3	1.2	nil	nil	1.8
Canadian Saltfish Corporation	(5.9)	(4.3)	nil	(12.6)	15.0
Cape Breton Development Corporation	(118.5)	0.1	nil	24.0	31.9
Defence Construction (1951) Limited	0.5	0.6	nil	nil	15.5
Enterprise Cape Breton Corporation	(15.3)	(7.8)	nil	nil	10.6
Export Development Corporation	6.3	102.6	382.2	nil	nil
Farm Credit Corporation	20.4	23.6	(88.0)	(117.0)	nil
Federal Business Development Bank	2.7	68.6	(33.0)	nil	15.0
Freshwater Fish Marketing Corporation	0.1	1.7	1.5	(11.2)	nil
Great Lakes Pilotage Authority, Ltd.	(1.6)	(1.3)	nil	nil	nil
Harbourfront Corporation	(7.7)	(7.5)	nil	2.2	3.6
International Centre for Ocean Development	(12.6)	(12.6)	nil	nil	12.2
Laurentian Pilotage Authority	(2.2)	(2.1)	0.5	nil	2.1
Marine Atlantic Inc.	(0.2)	13.5	(0.2)	nil	132.8
Mingan Associates, Ltd.	nil	nil	nil	nil	nil
National Capital Commission	6.6	(2.4)	nil	nil	90.1

National Gallery of Canada	(20.7)	(19.1)	nil	nil	23.2
National Museum of Science and Technology	(11.5)	(10.7)	nil	nil	14.8
Old Port of Montreal Corporation Inc.[1]	(14.5)	(3.6)	nil	nil	13.6
Pacific Pilotage Authority	(0.4)	(0.3)	negl.	nil	nil
Petro-Canada International Assistance Corporation[1,2]	(3.2)	(3.2)	nil	negl.	43.0
St. Lawrence Seaway Authority, The	(7.4)	4.7	nil	nil	27.3
Jacques Cartier and Champlain Bridges Incorporated[3]	(27.4)	(26.6)	nil	nil	26.7
Seaway International Bridge Corp. Ltd.[3]	0.6	0.7	nil	nil	nil
Standards Council of Canada	0.1	0.3	nil	nil	6.0
VIA Rail Canada Inc.	26.4	66.9	nil	nil	381.8
Total FAA Schedule III-I corporations	115.8	470.5	375.4	(427.2)	3,360.5
FAA Schedule III-II:					
Canada Development Investment Corporation	(36.1)	12.0	50.8	16.4	nil
Canada Ports Corporation	2.4	5.9	nil	10.1	9.8
Canada Post Corporation[8]	14.3	200.7	55.0	nil	nil
Canadian National Railway Company	7.7	251.8	(57.0)	(13.4)	14.0
Halifax Port Corporation	3.7	5.8	nil	(0.4)	nil
Montreal Port Corporation	10.8	20.5	nil	(0.5)	nil
Petro-Canada	181.0	621.0	294.0	nil	nil
Canertech Inc.[3]	n.a	n.a	n.a	n.a	n.a
Petro-Canada Ltd.[5]	—	—	—	nil	nil
Port of Quebec Corporation	0.1	2.2	nil	nil	nil
Prince Rupert Port Corporation	2.0	3.9	nil	13.1	nil
Royal Canadian Mint	10.4	13.2	nil	(2.7)	nil
Saint John Port Corporation	0.3	3.6	19.7	3.7	nil
St. John's Port Corporation	0.7	1.7	nil	(0.2)	1.3
Teleglobe Canada	negl.	negl.	nil	nil	nil
Vancouver Port Corporation	30.2	38.4	nil	(0.4)	nil
Total FAA Schedule III-II corporations	227.4	1,180.8	362.5	25.9	25.1
Total FAA Schedule III corporations	343.3	1,651.3	737.9	(401.3)	3,385.6
Exempt (FAA Unscheduled)					
Bank of Canada[4]	—	—	—	—	—
Canada Council	1.2	1.9	nil	nil	104.1
Canadian Broadcasting Corporation	(43.3)	27.8	(1.0)	nil	1,078.0
Canadian Film Development Corporation	(144.9)	(141.8)	nil	nil	145.1
Canadian Institute for International Peace and Security	(0.1)	0.1	nil	nil	5.0
Canadian Wheat Board, The	359.0	—	880.5	nil	15.0
International Development Research Centre	4.5	6.0	nil	nil	114.1
National Arts Centre Corporation	(16.8)	(15.9)	1.0	nil	18.0
Total, exempt corporations	159.6	(121.9)	880.4	nil	1,479.2
Grand Total, parent Crown corporations[4]	502.9	1,529.4	1,618.3	(401.3)	4,864.8

See Notes following these tables.

negl. = negligible
n.a = not available
— = not applicable

Table 3

COMPARISON OF FINANCIAL POSITION WITH RECORDED INVESTMENT OF GOVERNMENT as at March 31, 1991 ($ millions)[9]

Corporations	Financial Position: Total Assets	Liabilities: Private Sector Borrowings and Other	Liabilities: Govern-ment	Liabilities: Total Liabilities	Recorded Investment of Government: Loans and Advances	Recorded Investment of Government: Equity Investment	Recorded Investment of Government: Total[10]
FAA Schedule III-I:							
Atlantic Pilotage Authority	1.9	1.3	negl.	1.3	nil	nil	nil
Atomic Energy of Canada Limited[11]	957.2	180.6	556.3	736.8	455.3	164.2	619.5
Canada Deposit Insurance Corporation	578.7	1.3	1,256.2	1,257.5	1,225.0	nil	1,225.0
Canada Harbour Place Corporation[11]	65.7	0.4	nil	0.4	nil	nil	nil
Canada Lands Company Limited[11]	nil	nil	nil	nil	nil	nil	nil
Canada Lands Company (Vieux-Port de Québec) Inc.[3,11]	0.5	negl.	0.3	0.3	nil	nil	nil
Canada Lands Company (Mirabel) Limited[1,11]	0.6	0.1	0.5	0.6	nil	nil	nil
Canada Mortgage and Housing Corporation							
Corporate Account	8,734.5	80.0	8,604.4	8,684.5	8,483.9	25.0	8,508.9
Minister's Account[11]	nil	nil	nil	nil	nil	nil	nil
Insurance Programs	1,153.3	943.8	4.5	948.3	nil	nil	nil
Canada Museums Construction Corporation Inc.[11]	6.3	6.6	nil	6.6	nil	nil	nil
Canadian Commercial Corporation	986.2	939.3	1.6	940.9	nil	nil	nil
Canadian Dairy Commission[11]	203.9	128.3	75.6	203.9	74.0	nil	74.0
Canadian Livestock Feed Board[11]	1.9	2.3	nil	2.3	nil	nil	nil
Canadian Museum of Civilization[11]	23.7	11.2	1.6	12.8	nil	nil	nil
Canadian Museum of Nature[11]	5.8	4.4	0.6	5.0	nil	nil	nil
Canadian National (West Indies) Steamships, Ltd.[11]	1.7	negl.	0.3	0.3	0.3	negl.	0.3
Canadian Patents and Development Limited[11]	1.4	0.4	nil	0.4	nil	nil	nil
Canadian Saltfish Corporation	8.4	2.6	31.4	34.0	31.4	nil	31.4
Cape Breton Development Corporation	411.3	28.6	40.1	68.8	31.0	nil	31.0
Defence Construction (1951) Limited[11]	2.4	4.7	0.2	4.9	nil	nil	nil
Enterprise Cape Breton Corporation[11]	18.7	2.0	nil	2.0	nil	nil	nil
Export Development Corporation	6,843.0	6,037.7	nil	6,037.7	nil	788.2	788.2
Farm Credit Corporation	3,810.4	1,178.1	2,485.7	3,663.8	2,431.8	1,018.3	3,450.1
Federal Business Development Bank	2,789.1	2,420.5	0.5	2,421.1	nil	294.0	294.0
Freshwater Fish Marketing Corporation	18.2	8.3	9.9	18.2	12.5	nil	12.5
Great Lakes Pilotage Authority, Ltd.	0.4	3.7	nil	3.7	nil	nil	nil

Harbourfront Corporation[11]	20.8	3.5	2.3	5.7	3.7	nil	3.7
International Centre for Ocean Development[11]	2.7	1.5	1.0	2.5	nil	nil	nil
Laurentian Pilotage Authority	3.6	6.2	nil	6.2	nil	nil	nil
Marine Atlantic Inc.[11]	463.6	449.9	2.6	452.5	nil	nil	nil
Mingan Associates, Ltd.[11]	0.4	nil	nil	nil	nil	nil	nil
National Capital Commission[11]	350.9	30.4	3.1	33.5	nil	nil	nil
National Gallery of Canada[11]	22.7	6.7	7.0	13.7	nil	nil	nil
National Museum of Science and Technology[11]	11.1	3.6	2.5	6.1	nil	nil	nil
Old Port of Montreal Corporation Inc.[1,11]	6.1	6.1	negl.	6.1	nil	nil	nil
Pacific Pilotage Authority	4.4	2.3	nil	2.3	nil	nil	nil
Petro-Canada International Assistance Corporation[1,2]	nil	nil	nil	nil	nil	nil	nil
St. Lawrence Seaway Authority, The	593.5	27.2	0.1	27.2	nil	nil	nil
Jacques Cartier and Champlain Bridges Incorporated[3,11]	23.5	4.8	negl.	4.8	nil	nil	nil
Seaway International Bridge Corp. Ltd.[3]	0.7	0.7	nil	0.7	nil	nil	nil
Standards Council of Canada[3,11]	2.1	1.1	negl.	1.1	nil	nil	nil
VIA Rail Canada Inc.[11]	901.3	175.8	60.7	236.5	nil	9.3	9.3
Total FAA Schedule III-I corporations	29,032.5	12,705.6	13,149.2	25,854.9	12,748.9	2,299.0	15,047.9
FAA Schedule III-II:							
Canada Development Investment Corporation	694.1	740.9	164.7	905.7	nil	395.7	395.7
Canada Ports Corporation	117.1	7.9	11.3	19.1	1.3	nil	1.3
Canada Post Corporation	2,662.0	975.9	241.2	1,217.0	80.0	nil	80.0
Canadian National Railway Company	7,084.1	3,390.8	215.0	3,605.7	147.6	2,278.9	2,426.5
Halifax Port Corporation	68.2	2.6	3.2	5.8	3.1	nil	3.1
Montreal Port Corporation	213.7	14.6	6.5	21.1	6.1	nil	6.1
Petro-Canada	7,027.1	2,105.3	2,391.9	4,497.2	nil	4,299.1	4,299.1
Canertech Inc.[3,11]	nil	nil	nil	nil	nil	nil	nil
Petro-Canada Ltd.[5]	—	—	nil	—	nil	nil	nil
Port of Quebec Corporation	60.5	3.8	0.1	3.9	nil	nil	nil
Prince Rupert Port Corporation	112.7	0.5	68.8	69.2	17.2	nil	17.2
Royal Canadian Mint	104.0	20.3	16.6	36.8	10.9	40.0	50.9
Saint John Port Corporation	89.2	21.3	21.9	43.2	20.1	nil	20.1
St. John's Port Corporation	17.3	0.6	3.1	3.7	2.9	nil	2.9
Teleglobe Canada	0.3	nil	negl.	negl.	nil	nil	nil
Vancouver Port Corporation	287.0	11.0	3.6	14.6	3.5	nil	3.5
Total FAA Schedule III-II corporations	18,537.4	7,295.3	3,147.7	10,443.1	292.7	7,013.7	7,306.4
Total FAA Schedule III corporations	47,569.9	20,000.9	16,296.9	36,298.0	13,041.6	9,312.7	22,354.3

Table 3

COMPARISON OF FINANCIAL POSITION WITH RECORDED INVESTMENT OF GOVERNMENT as at March 31, 1991 ($ millions)[9]—*Concluded*

Corporations	Financial Position				Recorded Investment of Government		
		Liabilities					
	Total Assets	Private Sector Borrowings and Other	Govern-ment	Total Liabilities	Loans and Advances	Equity Investment	Total
Exempt (FAA Unscheduled)							
Bank of Canada[4]	—	—	—	—	—	—	—
Canada Council[11]	133.7	26.1	0.4	26.5	nil	nil	nil
Canadian Broadcasting Corporation[11]	1,019.8	326.9	41.4	368.3	33.0	nil	33.0
Canadian Film Development Corporation[11]	20.8	5.8	nil	5.8	nil	nil	nil
Canadian Institute for International Peace and Security[11]	2.0	0.3	nil	0.3	nil	nil	nil
Canadian Wheat Board, The	7,332.2	7,303.2	29.0	7,332.2	nil	nil	nil
International Development Research Centre[11]	24.7	16.1	nil	16.1	nil	nil	nil
National Arts Centre Corporation[11]	8.2	7.5	0.2	7.8	nil	nil	nil
Total, exempt corporations	8,541.5	7,686.0	71.1	7,757.1	33.0	nil	33.0
Grand Total, parent Crown corporations[4]	56,111.4	27,687.0	16,368.0	44,055.1	13,074.6	9,312.7	22,387.3[10]

See Notes following these tables.

negl. = negligible
— = not applicable

Notes to Tables 1, 2 and 3

Tables 1, 2 and 3

1. Petro-Canada International Assistance Corporation and two subsidiaries of Canada Lands Company Limited (Canada Lands Company (Mirabel) Limited and Old Port of Montreal Corporation Inc.) are shown amongst Schedule III-I corporations since, though not scheduled, they had been directed, pursuant to section 86(2) of the FAA, to report their affairs as if they were Schedule III-I parent Crown corporations. Canada Lands Company (Mirabel) Limited ceased acting as a parent Crown corporation on April 25, 1991 with completion of its mandate on March 31, 1991.

2. While the accounts of Petro-Canada International Assistance Corporation are included in Petro-Canada Limited's consolidated financial statements, they are reported separately (see also note 1).

3. Four wholly-owned subsidiaries have been added to the tables because their financial status is not consolidated with their parent Crown corporation: Canada Lands Company (Vieux-Port de Québec) Inc., Canertech Inc., The Jacques Cartier and Champlain Bridges Incorporated, and The Seaway International Bridge Corporation, Ltd. The financial statements for Canertech Inc. for the nine months of 1990 were not available at time of printing. The corporation was dissolved November 2, 1990.

4. The Bank of Canada is excluded from these Tables due to the unique nature of its operations. The corresponding data (in millions for dollar figures) for the Bank of Canada is as follows:

- Table 1: total assets, $25,274.5; total liabilities, $25,244.5; shareholder's equity, $30.0; employment, 2,301.
- Table 2: net earnings, $2,408.5; cash flow, not applicable; total changes to obligations, $494.9; budgetary funding, nil.
- Table 3: total assets, $23,453.0; private sector borrowings and other liabilities, $23,131.8; Government liabilities, $291.2; total liabilities, $23,423.0; loans and advances, nil; equity investment, $5.9; total recorded Government investment, $5.9.

  Note: net earnings are paid to the Receiver General for Canada.

5. Financial variables for Petro-Canada Limited are included in Petro-Canada's figures.

Table 1

6. Employment data differ from those published by Statistics Canada in its Public Sector Employment and Renumeration. With respect to Petro-Canada, the comparable employment figure for the previous corporate year-end is 8,797, as reported in its annual report. Employment data for the four pilotage authorities include contract pilots and those for Marine Atlantic Inc. include part-time and seasonal staff. Data for the Canada Development Investment Corporation relate to the parent Crown corporation only.

7. The shareholder's equity for Canada Deposit Insurance Corporation represents the position of the Deposit Insurance Fund.

Table 2

8. Canada Post Corporation received cultural and special mail subsidies totalling $148.5 million from the Department of Communications which are not included in the budgetary funding total. Last year, this subsidy was $240 million.

Table 3

9. Data for this table have been extracted from Sections 5 and 6 of Volume I of the Public Accounts 1990-91.

10. The total Recorded Investment of Government of $22,387 million is reduced by a consolidation adjustment of $666 million and an allowance for valuation of $5,650 million to give a net total investment of $16,071 million. The adjustment for the consolidation is for the loans, investments and advances in Atomic Energy of Canada Limited, Canadian Broadcasting Corporation, Canadian National (West Indies) Steamships, Ltd., Harbourfront Corporation, Mingan Associates, Ltd., VIA Rail Canada Inc., and other Crown corporations since they are part of the Government's reporting entity. Details are provided in Volume I of the Public Accounts of Canada.

11. These corporations are consolidated in Volume I of the Public Accounts as they are recognized for accounting purposes as part of the Government's reporting entity.

* *Figures may not equal total due to rounding.*

3. Summary Pages for Each Parent Crown Corporation

A Summary Page is presented for each Parent Crown corporation and for the three subsidiaries that report their affairs as if they were parent Crown corporations.

Each Summary Page includes basic information about a corporation's mandate, origins, present status, and names the senior officers, closest to the time of printing, as well as a summary of financial information at each Crown corporation's year-end.

Part I — Page

Financial Summary Definitions

FINANCIAL POSITION:

- **Total Assets**: represents all assets reported by the corporation in its audited financial statements.
- **Obligations to the Private Sector**: short-term borrowings, long-term borrowings, capital leases plus any other debt-like instrument.
- **Obligations to Canada**: short-term borrowings, long-term borrowings, capital leases, and other debt-like instruments. Amount does not include deferred Parliamentary appropriations (budgetary funding).
- **Shareholder's Equity**: represents the equity of Canada. For some corporations, the excess of assets over liabilities is not deemed to be Equity of Canada because of the nature of their operations.

OPERATIONS:

- **Revenues**: includes revenues from all sources generated by the corporation. The amount includes income from: commercial activities, interest income, other income such as gain on sale of assets, and Parliamentary appropriations where these are specifically included in revenues.
- **Net Income (Loss)**: is after taxes, where applicable, and all extraordinary items. It includes Parliamentary appropriations (budgetary funding) where the corporations have included these in earnings. In some cases, Net Income (Loss) is "Excess of Parliamentary appropriations over cost of operations".
- **Cash Flow** from operations: is defined as Net Income (Loss) from operations plus or minus items not requiring cash outlay for example, depreciation, amortization, gain on disposal of assets, etc. Cash flow would also include Parliamentary appropriations (budgetary funding) where the corporation includes these in the computation of net income.

RECEIVED FROM/PAYMENTS TO CANADA:

- **Budgetary Funding**: comprises Parliamentary appropriations given to the corporations for capital and operating purposes and includes amounts paid directly to its subsidiaries unless the subsidiary reports separately from the parent. Payments for which a class or kind of recipient is eligible are excluded from these data. (An example of such an exclusion is payments to railways under the *Maritime Freight Rates Act*).
- **Loans and Investments**: represents loans and/or capital invested by the Government of Canada.
- **Loan Repayments**: payments made during the year by the corporation to the Government of Canada on loans outstanding at the year-end of the corporation.
- **Dividends**: are dividends paid by the corporation to the Government of Canada during the fiscal year of the corporation. Figure includes cash recoveries from Canada (where applicable), and other types of payments/contributions made to Canada.

ATLANTIC PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service within designated waters in and around the Atlantic provinces.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the Atlantic region. With the approval of the Governor-in-Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14)
Chairman and Chief Executive Officer:	C.R. (Ted) Worthington	Head Office:	Suite 1203 Bank of Montreal Tower 5151 George Street Halifax, Nova Scotia, B3J 1M5
		Status:	Schedule III, Part I Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	2.4	2.3	1.9	2.0	1.4
Obligations to the private sector	0.4	nil	nil	0.2	0.1
Obligations to Canada	0.1	0.1	0.2	0.3	0.4
Shareholder's Equity	0.9	1.0	0.5	negl.	(0.3)
Operations					
Revenues	7.3	7.3	7.1	6.4	5.8
Net Income	(0.3)	negl.	0.1	(0.1)	(0.2)
Cash Flow	(0.1)	0.2	0.2	negl.	(0.1)
Received from/payments to Canada					
Budgetary	0.2	0.5	0.4	0.5	0.6
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	0.1	0.1	0.1	0.1	0.1
Dividends	nil	nil	nil	nil	nil

negl. = negligible

ATOMIC ENERGY OF CANADA LIMITED

MANDATE

To develop the utilization of atomic energy for peaceful purposes. The mandate is prescribed by s. 10 of the *Atomic Energy Control Act*, as that section read before its repeal, and by its charter and articles of incorporation.

BACKGROUND

Founded in 1952, AECL develops Candu power generating technology. It operates research and development laboratories at Chalk River, Ontario and at Pinawa, Manitoba. Three provincial utilities received federal financing for nuclear facilities through AECL and make repayments to it which are passed on to Canada. The corporation was responsible for Candu reactors built in Argentina and in Korea and is providing services related to Candu reactors under construction in Romania. Its design and engineering teams contribute to the continued improvement and development of nuclear power stations and nuclear technology in general. In 1988, the Radiochemical and Medical Products components of AECL were incorporated as wholly-owned subsidiaries (Nordion International Inc. and Theratronics International Limited) and transferred to Canada Development Investment Corporation for sale to the private sector. Enabling legislation concerning the sale of both corporations was enacted on January 30, 1990. On December 28, 1990, AECL and the Korea Electric Power Corporation signed agreements for the purchase by South Korea of a second CANDU nuclear generating station (Wolsung 2).

Appropriate Minister:	The Honourable Jake Epp, P.C., M.P. Minister of Energy, Mines and Resources	Incorporation:	February 14, 1952 under Part I of *Canada Corporations Act*; continued July 8, 1977 under the *Canada Business Corporations Act*; certificate amended July 15, 1982
Chairman:	Robert Ferchat	Head Office:	344 Slater Street Ottawa, Ontario, K1A 0S4
Chief Executive Officer:	Dr. Stanley R. Hatcher	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Energy, Mines and Resources

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	957	952	994	1,036	1,018
Obligations to the private sector	17	19	21	22	23
Obligations to Canada	512	544	574	601	626
Shareholder's Equity	220	211	216	207	196
Operations					
Revenues[1]	484	450	497[2]	533	542
Net Income	8	(10)	23	10	18
Cash Flow	16	(3)	29	17	24
Received from/payments to Canada					
Budgetary	167	206	203	175	218
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments[3]	32	30	27	25	23
Dividends	nil	nil	16	nil	nil

[1] From three lines of operations: Nuclear Power Operations, Research and Development and Decommissioning Activities. Revenues include appropriations received.
[2] Includes $70 million of revenues in Nordion and Theratronics. See Note 3 in AECL's 1988-89 Annual Report.
[3] Adjusted to remove repayments to outside parties.

BANK OF CANADA

MANDATE

The Bank of Canada is responsible for the formulation and implementation of monetary policy in Canada and acts as the government's fiscal agent. The Bank has the sole right to issue paper currency intended for circulation in Canada and it fixes the percentage of the deposit liabilities of chartered banks which they must maintain as secondary reserves. It conducts open-market operations, buying or selling securities as, in its judgement, the progress of Canada's economy requires. As fiscal agent, it handles the issue of securities of Canada and payment of related interest and principal; it also cashes and negotiates cheques drawn on the Receiver General. It administers the Exchange Fund Account and acts as agent for the government's operations in the foreign exchange market.

BACKGROUND

The Bank was created under the *Bank of Canada Act* in 1934 as Canada's central bank.

Appropriate Minister:	The Honourable Don Mazankowski, P.C., M.P Deputy Prime Minister and Minister of Finance	Incorporation:	1934, by the *Bank of Canada Act* (R.S.C. 1985, c. B-2)
		Head Office:	234 Wellington Street Ottawa, Ontario, K1A 0G9
Chief Executive Officer:	John Crow	Status:	Acts as the fiscal agent of the Government of Canada; is exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act*.
Auditor:	Coopers & Lybrand and Peat Marwick	Department:	Finance

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	1989	1988	1987	1986
Financial Position					
Total Assets	25,275	24,780	24,319	23,023	20,945
Liabilities:					
Deposits[1]	2,009	2,434	2,759	3,388	2,895
Notes in Circulation	22,970	22,093	21,032	19,447	17,911
Other[2]	266	223	498	158	108
Shareholder's Equity	30	30	30	30	30
Operations					
Revenues	2,615	2,425	2,110	2,008	2,092
Expenses, before depreciation	187	172	159	151	143
Net Revenue Paid to Canada	2,409	2,239	1,938	1,844	1,936

[1] Includes Government of Canada deposits.
[2] Includes Government of Canada liability payable in foreign currencies.

Note: The nature of the operations of a central bank makes its financial statements unique in their import. For example: the Bank's assets are mostly securities of Canada and its revenues are mostly the interest paid to it by Canada on those securities. Therefore, the substantial net income which the Bank pays to Canada is essentially the completion of a circular flow of cash, diminished by the amount of the Bank's operating expenses.

CANADA COUNCIL

MANDATE

To foster and promote the study, enjoyment and production of works in the arts and to coordinate UNESCO activities in Canada and Canadian participation in various UNESCO activities abroad, apart from political questions and assistance to developing countries.

BACKGROUND

The Council receives a Parliamentary appropriation each year for its operations. As well, it administers the $50 million Endowment Fund which was created by its Act and other funds established through private donations. It is a charitable organization for the purposes of the *Income Tax Act*.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Incorporation:	1957, by the *Canada Council Act* (R.S.C. 1985, c. C-2)
Chairman:	Allan Gotlieb	Head Office:	99 Metcalfe Street Ottawa, Ontario, K1P 5V8
Chief Executive Officer:	Joyce Zemans	Status:	Exempt from Divisions I to IV of Part X of the *Financial Administration Act* Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Communications

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Assets — Endowment Account	133.7	135.8	130.7	128.7	121.2
— Special Funds	46.4	46.1	41.2	40.1	38.8
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	151.0	148.4	138.6	141.1	128.1
Operations					
Revenues[1]	120.0	118.1	107.0	109.2	98.0
Outlays on grants, services and art[2]	98.2	97.3	95.8	85.5	86.4
Net Income	1.2	2.0	(6.4)	6.7	(2.4)
Cash Flow	1.9	2.5	(5.9)	7.3	(2.3)
Received from/payments to Canada					
Budgetary	104.1	103.5	93.3	96.9	85.5
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes budgetary funding received from Canada.
[2] Outlays on grants include both the Endowment and Special Funds.

CANADA DEPOSIT INSURANCE CORPORATION

MANDATE

To provide limited insurance for deposits with federal institutions (banks, trust and loan companies) and approved provincial institutions (trust and loan companies). To promote standards of sound business and financial practices for member institutions and to promote and otherwise contribute to the stability and competitiveness of the financial system in Canada.

BACKGROUND

The corporation was established by the *Canada Deposit Insurance Corporation Act* in 1967. Member institutions pay annual premiums to the Deposit Insurance Fund to meet depositors' claims. Recent payments to depositors of insolvent financial institutions have caused this fund to have a net deficit position. Premium rates were increased in 1985.

Appropriate Minister:	The Honourable Don Mazankowski, P.C., M.P. Deputy Prime Minister and Minister of Finance	Incorporation:	1967; by the *Canada Deposit Insurance Corporation Act* (R.S.C. 1985, c. C-3)
Chairman:	Ronald McKinlay	Head Office:	Suite 1707 50 O'Connor Street P.O. Box 2340, Station D Ottawa, Ontario, K1P 5W5
Chief Executive Officer:	Jean Pierre Sabourin	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Finance

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	1989	1988	1987	1986
Financial Position					
Total Assets	644	591	732	735	1,001
Obligations to the private sector	nil	nil	nil	582	1,277
Obligations to Canada	1,283	1,439	1,747	1,258	965
Shareholder's Equity[1]	(643)	(851)	(1,017)	(1,108)	(1,245)
Operations					
Revenues	288	272	224	296	335
Net Income	208	166	90	138	(10)
Cash Flow	121	100	89	138[2]	180[2]
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	461	293	260
Loan Repayments	150	320	nil	nil	244
Dividends	nil	nil	nil	nil	nil

[1] Represents deficiency in the Deposit Insurance Fund.
[2] Certain figures in the statement of changes in financial position for 1987 and 1986 have been reclassified, and are not comparable to 1988, 1989 and 1990.

CANADA DEVELOPMENT INVESTMENT CORPORATION

MANDATE

To effectively manage its assigned Crown corporations and investments and to privatize its holdings, when appropriate.

BACKGROUND

CDIC manages its wholly-owned subsidiaries, Canada Eldor Inc. (successor to Eldorado Nuclear Limited), Cartierville Financial Corporation, Nordion International Inc., and Theratronics International Limited. Canada Eldor held a 38.5% interest in Cameco (prior to a public offering of Treasury shares in July, 1991) and the province of Saskatchewan (through Saskatchewan Mining and Development Corporation) held 61.5%. CDIC also holds shares in Ginn Publishing Canada Inc. (51%) and Varity Corporation (1.8%). CDIC manages, on behalf of Canada, Teleglobe Canada and the government's holdings in National Sea Products Limited.

Legislation authorizing the privatization of Nordion International Inc. and Theratronics International Limited received Royal Assent on January 30, 1990. The Government announced, in June 1991, that Nordion International Inc. will be sold to MDS Health Group Limited. Negotiations are proceeding with respect to Theratronics International Limited. An initial public offering of Cameco treasury shares (20%) was completed in July 1991 at $12.50 per share. The remaining shares are expected to be sold by 1995. Canada Eldor Inc. now owns 30.8% of Cameco.

Appropriate Minister:	The Honourable John McDermid, P.C., M.P. Minister of State (Finance and Privatization)	Incorporation:	1982; by Canada Development Corporation under the *Canada Business Corporations Act*. Letters patent, May 26, 1982
Chairman:	Patrick J. Keenan	Head Office:	Suite 2703 Scotia Plaza P.O. Box 320 Toronto, Ontario, M5H 3Y2
Chief Executive Officer:	Ward C. Pitfield	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Peat Marwick Thorne and the Auditor General of Canada	Department:	Finance

FINANCIAL SUMMARY ($ million) Financial year ending December 31.[1]

	1990	**1989**	**1988[2] (restated)**	**1987**	**1986**
Financial Position					
Total Assets	621	657	1,095	285	336
Obligations to the private sector	600	549	731	nil	nil
Obligations to Canada[3]	158	142	118	nil	nil
Shareholder's Equity (Deficiency)	(189)	(152)	140	226	287
Operations					
Revenues	51.1	19.4	(13.6)	15.7	34.6
Net Income	(36.1)	(292.4)	(83.4)	(3.9)	(208.7)
Cash Flow	12.0	4.5	(0.1)	3.6	0.3
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	0.3	nil	3.0	56.5	111.0

[1] The financial summary for 1990 includes the consolidation of Cartierville Financial Corporation Inc. and Canada Eldor Inc. The same entities were consolidated in 1989 and 1988. Only Cartierville was consolidated in 1987 and 1986.

[2] The financial statements of Eldorado Nuclear Limited were consolidated with those of the corporation only from October 1, 1988 onwards. (Subsequent to that year end, Eldorado's name was changed to Canada Eldor Inc.).

[3] Notes payable to Atomic Energy of Canada Limited for CDIC's purchase of the shares of Nordion and Theratronics.

CANADA HARBOUR PLACE CORPORATION

MANDATE

To manage real property and promote the presence of the federal Government at Canada Place in Vancouver, B.C.

BACKGROUND

The Corporation was incorporated in 1982 to design, construct and manage Canada Place, a facility built by the federal government as its contribution to Expo 86. The facility includes a cruise ship terminal, a hotel, an office complex, a convention centre (formerly the location of the Canadian pavilion at Expo 86) leased to the Province of British Columbia, a parking lot, and various commercial and public use areas. The government announced in the February 1990 Budget that the Corporation would be wound up and its assets transferred to another federal entity. Bill C-8, currently being considered by Parliament, provides for the wind-up and transfer of Canada Harbour Place Corporation.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1982; by letters patent (no. 132316) under the *Canada Business Corporations Act*
Chairman and Chief Executive Officer:	Thomas G. Rust	Head Office:	Suite 1001 999 Canada Place Vancouver, British Columbia, V6C 3C1
		Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	65.7	67.3	69.3	71.0	86.0
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	65.2	66.9	68.9	70.6	80.3
Operations					
Revenues	5.7	5.5	5.5	5.0	9.3
Net Income	(1.7)	(2.0)	(1.7)	(11.6)	(65.9)
Cash Flow	0.3	negl.	0.2	(3.4)	(27.4)
Received from/payments to Canada					
Budgetary	nil	nil	nil	2.0	13.5
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

negl. = negligible

CANADA LANDS COMPANY LIMITED

MANDATE

To acquire, purchase, lease, hold, improve, manage, exchange, sell, or otherwise deal in or dispose of real or personal property or any interest therein.

BACKGROUND

Formerly the Public Works Land Company Limited, the corporation has not been involved in any financial transactions. It has three wholly-owned subsidiaries: Canada Lands Company (Mirabel) Limited, Old Port of Montreal Corporation Inc., and Canada Lands Company (Vieux-Port de Québec) Inc. It also holds leases for two properties in London, England and two properties on Indian reserves in Canada. Canada Lands Company (Mirabel) Limited ceased operations March 31, 1991, and steps are being taken to dissolve it. As of April 25, 1991, it ceased to act as a parent Crown corporation.

Appropriate Minister:	The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works	Incorporation:	1956; by letters patent; reorganized under the *Canada Business Corporations Act*, September 19, 1977. Certificate of Continuance under the *Canada Business Corporations Act* July 7, 1981
		Head Office:	Sir Charles Tupper Building Confederation Heights Tower F Riverside Drive Ottawa, Ontario, K1A 0M2
Chief Executive Officer:	Lawrence J. O'Toole	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Public Works

FINANCIAL INFORMATION Financial year ending March 31.

The annual audited financial statements show that no value is assigned to any of its assets mainly because the accounts of its subsidiaries are reported separately and are not consolidated with those of this corporation since any increases in the equity of the subsidiaries are not likely to accrue to the parent.

CANADA LANDS COMPANY (MIRABEL) LIMITED

MANDATE

To administer, pending disposition, and sell on behalf of the Crown, properties peripheral to the Mirabel airport. The corporation has completed its mandate and ceased operations March 31, 1991.

BACKGROUND

Since July 1982, the corporation has managed the lands which the Crown had acquired for the international airport at Mirabel but which were not required for the functioning of the airport. A program for the sale of all those properties was developed and implemented by the corporation. The corporation ceased operations effective March 31, 1991. Authority has been granted in accordance with paragraphs 91(3)(b) and 91(1)(e) of the *Financial Administration Act* to dispose of all or substantially all of its assets and to proceed with its dissolution.

Appropriate Minister: The Honourable Elmer MacKay, P.C., M.P.
Minister of Public Works

Chairman and Chief Executive Officer: Jocelyne Ouellette

Auditor: Auditor General of Canada

Incorporation: 1981; by Canada Lands Company Limited, under the *Canada Business Corporations Act*

Head Office: 9850 Belle Rivière
P.O. Box 180
Mirabel, Quebec, J0N 1S0

Status: A wholly-owned subsidiary of Canada Lands Company Limited. Until April 25, 1991, it had been directed to report its affairs as if it were a parent Crown corporation. An agent of Her Majesty

Department: Public Works

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	0.6	1.0	1.2	2.7	5.3
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues	1.3	1.7	5.8	24.0	9.9
Net Income	(0.4)	(0.2)	1.5	17.2	2.3
Cash Flow	(1.7)	(1.8)	(4.9)	(6.9)	(6.1)
Received from/payments to Canada					
Budgetary	0.1	1.0	4.7	5.0	6.8
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

CANADA MORTGAGE AND HOUSING CORPORATION

MANDATE

To promote the improvement of housing and living conditions, the construction of new houses and the repair and modernization of existing houses.

BACKGROUND

Established in 1946, the corporation conducts research and provides policy advice and acts as the government's agent in the provision of grants, contributions and subsidies for the advancement of housing and community development. Its mandate has been split into three categories:

The **Corporate Account's** primary activities are residual lending and land management. CMHC manages significant land holdings, for development and disposal, in partnership with the provinces and in its own portfolio. The loans and investments are made under all three planning elements: Market Housing, Social Housing and Housing Support with the major emphasis (approximately 75%) on Social Housing projects.

The **Minister's Account** delivers Market Housing, Social Housing and Housing Support Programs. Market housing programs assist private market stability and promote home ownership and cooperative housing. Social housing programs assist households in need, to obtain affordable, suitable and adequate shelter. The Housing Support programs pursue research and development on national housing standards, promote housing quality improvements, and provide other ancillary services including national housing statistics. Approximately 95% of the total activity relates to Social Housing.

The **Administered Funds** include four insurance and guarantee funds administered on behalf of the Government of Canada: Mortgage Insurance Fund; Mortgage-Backed Securities Guarantee Fund; Home Improvement Loan Insurance Fund and the Rental Guarantee Fund. The Mortgage Insurance Fund facilitates mortgage lending by reducing the risk to lenders. The Mortgage-Backed Securities Guarantee Fund encourages the secondary market trading of mortgages. Together, the Mortgage Insurance Fund and the Mortgage-Backed Securities Guarantee Fund support market housing initiatives by ensuring availability of an adequate supply of mortgage funds.

Appropriate Minister:	The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works	Incorporation:	1946; by the *Central Mortgage and Housing Corporation Act* (R.S.C. 1985, c. C-7). Amended March 16, 1979 to *Canada Mortgage and Housing Corporation Act*
Chairman:	Claude F. Bennett, Q.C.	Head Office:	700 Montreal Road Ottawa, Ontario, K1A 0P7
Chief Executive Officer:	Eugene A. Flichel	Status:	Schedule III, Part I An agent of Her Majesty except when s. 14 of its Act applies.
Auditor:	Deloitte & Touche and the Auditor General of Canada	Department:	Public Works

CANADA MORTGAGE AND HOUSING CORPORATION—*concluded*

FINANCIAL SUMMARIES[1] ($ million) Financial year ending December 31.

	1990	1989	1988	1987	1986
Corporate Account[2]:					
Financial Position					
Total Assets	9,057	9,213	9,306	9,540	9,805
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	8,703	8,819	9,008	9,271	9,514
Shareholder's Equity	50	50	50	50	50
Operations					
Revenues	818	867	930	892	916
Net Income	11	31	50	35	25
Cash Flow	13	32	62	80	56
Received from/payments to Canada					
Loans and Investments	284	280	269	270	222
Loan Repayments	399	467	528	511	469
Transfer of Net Income[3]	11	31	50	35	25
Minister's Account:					
Operations					
Expenditures	1,886	1,687	1,522	1,480	1,368
Budgetary Funding	1,971	1,593	1,529	1,473	1,355
Due from the Minister, end of year	35	120	26	33	26
Administered Funds - Mortgage Insurance Fund:					
Financial Position					
Total Assets	1,106	906	695	570	499
Shareholder's Equity	164	47	(116)	(259)	(433)
Operations					
Revenues	283	220	178	152	119
Net Income	117	163	142	175	295[4]
Cash Flow	186	225	163	173	151
Administered Funds - Other Funds:					
Financial Position					
Total Assets	29	23	15	12	13
Shareholder's Equity	21	18	12	12	13
Operations					
Revenues	5	3	2	1	1
Net Income	4	5	1	1	0.4
Cash Flow[5]	5	4	2	nil	nil

[1] The financial statements of the Corporate Account, Minister's Account, the Mortgage Insurance Fund and other Insurance and Guarantee Funds have been presented separately to preserve their identity and provide meaningful information concerning the Corporation's distinct business activities.
[2] The Corporate Account financial summaries have been restated for 1987 and 1986.
[3] Transfer of net income (after income taxes) to the Receiver General for Canada.
[4] Includes $248 million in recovered losses.
[5] Cash Flow reflects the Mortgage-Backed Securities Guarantee Fund only. The Home Improvement Loan Insurance Fund and Rental Guarantee Fund do not have statements of Cash flow.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.

MANDATE

To construct, in the National Capital Region, new buildings for the National Gallery of Canada, the Canadian Museum of Civilization, and any other museum that the Governor-in-Council may direct.

BACKGROUND

Construction of the new museum buildings has been completed and the corporation plans to cease active operations by December 30, 1991. The Order in Council authorizing the establishment of Canada Museums Construction Corporation (CMCC) (P.C. 1981-1838) states that, unless otherwise directed by the Governor-in-Council, the corporation is to be wound up after completion of the construction projects. Bill C-8, provides for a change in status in CMCC from parent Crown corporation to subsidiary of Canada Lands Company Limited. The corporation will be dissolved once outstanding liabilities and claims are resolved.

Appropriate Minister:	The Honourable Elmer MacKay, P.C, M.P. Minister of Public Works
Chairman and Chief Executive Officer:	Lawrence J. O'Toole
Auditor:	Auditor General of Canada
Incorporation:	1982; by letters patent (No. 0132114) under the *Canada Business Corporations Act*
Head Office:	55 Murray Street P.O. Box 395, Station A Ottawa, Ontario, K1N 5M3
Status:	Schedule III, Part I An agent of Her Majesty
Department:	Public Works

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	6.3	202.9	177.1	249.9	173.2
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	(0.3)	187.2	155.5	226.1	157.4
Operations					
Revenues	nil	nil	nil	nil	nil
Net Income	nil	nil	nil	nil	nil
Cash Flow	nil	nil	nil	nil	nil
Received from/payments to Canada					
Budgetary	7.9[1]	33.2	68.0	68.8	66.0
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Budgetary funding covers $5.0 million for 1990-91 and $2.9 million for 1991-92.

CANADA PORTS CORPORATION

MANDATE

To plan and coordinate the development of the 15 ports and harbours, to achieve the objectives of the national ports policy and to support Canadian international trade objectives.

BACKGROUND

The corporation was established in 1983 with responsibility for the 15 ports and harbours across Canada that previously fell under the jurisdiction of the National Harbours Board. Subsequently, parent Crown corporation status was given to seven of the local ports: Montréal and Vancouver (in July 1983), Halifax, Québec and Prince Rupert (in June 1984), St. John's (in June 1985), and Saint John (in December 1986). These corporations are now operating with a high degree of local autonomy. The corporation monitors their activities and is directly responsible for the administration, management and control of the eight ports and harbours without parent Crown corporation status.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1983; pursuant to the *National Harbours Board Act* (R.S.C. 1970, N-8, s.3); reconstituted by the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9)
Chairman:	The Honourable Ronald Huntington, P.C.	Head Office:	8th Floor 99 Metcalfe Street Ottawa, Ontario, K1A 0N6
Chief Executive Officer:	Jean-Michel Tessier	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Coopers & Lybrand	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986 (restated)**
Financial Position					
Total Assets	124.2	118.9	102.9	95.4	100.4
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	11.4	1.3	1.4	1.5[1]	19.5
Shareholder's Equity	97.3[2]	112.1[2]	82.9	88.7	67.5
Operations					
Revenues	16.2	14.9	11.8	17.6	20.1
Net Income	2.4	0.8	(5.7)	(1.1)	(1.7)
Cash Flow	5.9	6.6	1.0	5.8	9.0
Received from/payments to Canada					
Budgetary	9.8	29.4[3]	2.8	2.1	13.0
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	0.1	0.1	0.1	0.1	5.5
Dividends	20.7[4]	0.1	0.1	1.0	26.7[4]

[1] In 1987, $17.8 million loan principal owed to Canada was forgiven. That amount and related interest forgiven was added to the corporation's contributed capital.
[2] Equity includes the Interport Loan Fund: 1990, $32.1 million; 1989, $28.6 million.
[3] Includes $2.8 million budgetary appropriation (capital grant) and a $26.6 million Government of Canada grant for the establishment of the Interport Loan Fund.
[4] Includes contribution to Canada (cash recovery) of $20.4 million in 1990 and $26.7 million in 1986.

CANADA POST CORPORATION

MANDATE

To operate a postal service on a self-sustaining financial basis while providing a standard of service that will meet the needs of Canadians.

BACKGROUND

The *Canada Post Corporation Act* requires the corporation to fulfill its mandate while improving and extending its products and services, and to conduct its operations on a self-sustaining financial basis. The corporation is also called upon to manage its human resources "in a manner that will both attain the objects of the corporation and ensure the commitment and dedication of its employees". Canada pays subsidies to the corporation in support of the publishing industry, for Northern parcel mails, parliamentary free mail, and blind persons' free mail. The corporation does not receive operating subsidies from Canada.

Appropriate Minister:	The Honourable Harvie Andre, P.C., M.P. Minister of State and Leader of the Government in the House of Commons	Incorporation:	1981; by the *Canada Post Corporation Act* (R.S.C. 1985, c. C-10)
Chairman:	Roger L. Beaulieu, Q.C.	Head Office:	Sir Alexander Campbell Building Confederation Heights Ottawa, Ontario, K1A 0B1
Chief Executive Officer:	Donald H. Lander	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Arthur Andersen & Co., and the Auditor General of Canada	Department:	Industry, Science and Technology

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	2,662	2,508	2,734	2,626	2,675
Obligations to the private sector	55	nil	nil	nil	nil
Obligations to Canada	80	80	80	nil	nil
Shareholder's Equity	1,445	1,490	1,643	1,612	1,598
Operations					
Revenues	3,785	3,756	3,509	3,139	2,970
Net Income	14	149	96	(38)	(129)
Cash Flow	201	164	282	85	(39)
Received from/payments to Canada					
Budgetary[1]	nil	nil	nil	191	232
Loans and Investments	nil	nil	80	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	60	nil	nil	nil	nil

[1] Canada Post receives cultural and special mail subsidies from the Department of Communications, which are not included in the budgetary funding total.

CANADIAN BROADCASTING CORPORATION

MANDATE

To provide radio and television services in both official languages incorporating a wide range of programming that informs, enlightens and entertains. The programming is to be predominantly and distinctively Canadian and contribute to a shared national consciousness and identity. The CBC is subject to the conditions of any licence or licences issued to it by the CRTC and is subject to any applicable regulations of the CRTC.

BACKGROUND

Established in 1936 by the *Broadcasting Act*, major amendments were made to this Act in 1958, 1968, and 1991. The most recent revisions to the *Broadcasting Act* received Royal Assent on February 1, 1991 (entry into force in June 1991), and brought the control and accountability framework applicable to CBC more in line with that of the Crown corporations scheduled in the *Financial Administration Act*.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Incorporation:	1936, by the *Broadcasting Act* (R.S.C. 1985, c. B-9)
Chairman:	Patrick Watson	Head Office:	1500 Bronson Avenue P.O. Box 8478 Ottawa, Ontario, K1G 3J5
President and Chief Executive Officer:	Gérard Veilleux	Status:	Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; subject to Part VIII of this Act as it read immediately before the 1984 repeal thereof. An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Communications

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87 (restated)**
Financial Position					
Total Assets	1,020	941	869	799	755
Obligations to the private sector[1]	1	2	4	6	1
Obligations to Canada	33	33	33	33	33
Shareholder's Equity	651	601	552	508	460
Operations					
Revenues[2]	1,348	1,202	1,128	1,118	1,049
Net Income	(43)	(104)	(63)	(48)	(58)
Cash Flow	28	(32)	5	10	(9)
Received from/payments to Canada					
Budgetary	1,078	981	915	888	855
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Represents present value of total capital lease obligation.
[2] Includes Parliamentary appropriation for operating purposes.

CANADIAN COMMERCIAL CORPORATION

MANDATE

To assist in the development of trade between Canada and other nations.

BACKGROUND

Established in 1946, the corporation serves as prime contractor when other countries wish to purchase goods and services from Canada on a government-to-government basis. As well, it facilitates sales to international agencies.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade	Incorporation:	1946; by the *Canadian Commercial Corporation* Act (R.S.C. 1985, c. C-14)
Chairman and Chief Executive Officer:	Hugh Mullington	Head Office:	Metropolitan Centre 11th Floor 50 O'Connor Street Ottawa, Ontario, K1A 0S6
		Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	External Affairs and International Trade

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	986.2	829.8	686.3	606.3	493.8
Obligations to the private sector[1]	540.7	410.0	353.0	314.7	313.2
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	45.3	40.1	33.8	29.4	31.4
Operations					
Revenues	704.5	689.8	645.3	687.7	778.4
Net Income	6.7	7.2	4.3	(1.9)	(4.3)
Cash Flow	6.7	7.2	4.3	(1.9)	(3.3)
Received from/payments to Canada					
Budgetary	14.9	17.1	15.3	11.8	16.1
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	1.4	0.9	nil	nil	nil

[1] Represents obligations to foreign governments.

CANADIAN DAIRY COMMISSION

MANDATE

To provide efficient producers of milk and cream with an opportunity to obtain a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality.

BACKGROUND

Established in 1966, the corporation administers the following elements of the federal dairy program: calculation of Target Price for milk and cream for industry; market support for the Target Price through a nationwide offer to purchase butter and skim milk powder; direct support payments on eligible milk and cream shipments; international marketing of dairy products not required for domestic consumption; receipt of levies collected by provinces from farmers to finance the cost of exporting products surplus to domestic requirements; and coordination of national supply management of industrial milk production.

Appropriate Minister:	The Honourable William McKnight, P.C., M.P. Minister of Agriculture	Incorporation:	1966; by the *Canadian Dairy Commission Act* (R.S.C. 1985, c. C-15)
Chairman and Chief Executive Officer:	Roch Morin	Head Office:	Pebb Building 2197 Riverside Drive Ottawa, Ontario, K1A 0Z2
		Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Agriculture

FINANCIAL SUMMARY ($ million) Financial year ending July 31.

	1989-90	1988-89	1987-88	1986-87	1985-86
Financial Position					
Total Assets	232.4	242.7	222.8	212.2	259.8
Obligations to the private sector	52.1	69.0	82.2	77.9	89.9
Obligations to Canada	106.3	114.3	87.4	85.2	126.3
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues	243.0	200.1	181.1	216.0	230.5
Net Income	9.2	21.8	7.1	13.2	36.0
Cash Flow[1]	n.a	n.a	n.a	n.a	n.a
Received from/payments to Canada					
Budgetary[2]	270.0	287.5	290.2	287.0	292.2
Loans and Investments	252.6	278.2	279.7	299.7	289.4
Loan Repayments	260.6	251.3	278.1	341.7	401.7
Dividends	nil	nil	nil	nil	nil

[1] The corporation does not provide a Cash flow statement.
[2] Includes payments via the Agricultural Stabilization Board.
n.a = not applicable

CANADIAN FILM DEVELOPMENT CORPORATION

MANDATE

To foster and promote an independent film and television production industry in Canada through the development, production and distribution of Canadian motion picture and videos, and through other forms of industry assistance.

BACKGROUND

The corporation, which is also known as Telefilm Canada, administers a variety of programs in support of the domestic film and television production industry. These programs include two funds, the Feature Film Fund and the Canadian Broadcast Program Development Fund. The Feature Film Fund was created in 1986 to support the production and development of feature films. The Canadian Broadcast Program Development Fund, which dates back to 1983, provides assistance for Canadian television production. Through these and other programs (such as a script and project development program, a distribution and marketing program and international promotion activities), CFDC provided financial support to 437 production and development projects for film and television programs in 1990-91.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Incorporation:	1967; by the *Canadian Film Development Corporation Act*, (R.S.C. 1985, c. C-16)
Chairman:	Harvey A. Corn	Head Office:	National Bank Tower 14th Floor 600 de la Gauchetière, West Montreal, Quebec, H3B 4L2
Chief Executive Officer:	Pierre DesRoches	Status:	Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; subject to Part VIII of this Act as it read immediately before the (1984) repeal thereof. An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Communications

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87 (restated)**
Financial Position					
Total Assets	20.8	47.8	35.0	27.3	27.0
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil[1]	6.3
Shareholder's Equity	15.1	14.8	24.2	19.9	19.8
Operations					
Revenues (interest on loans)	0.9	1.0	1.7	1.9	2.3
Net Income (cost of operations)	(144.9)	(155.0)	(124.5)	(108.4)	(77.9)
Cash Flow	(141.8)	(148.5)	(120.5)	(105.5)	(77.1)
Received from/payments to Canada					
Budgetary	145.1	145.6	128.9	108.5	87.6
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] In 1987-88, pursuant to authorization, Canada forgave $6.3 million loan principal.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY

MANDATE

To increase knowledge and understanding of the issues relating to international peace and security from a Canadian perspective, with particular emphasis on arms control, disarmament, defence and conflict resolution.

BACKGROUND

CIIPS fulfills its mandate by fostering, funding and conducting research; promoting scholarship; studying and proposing ideas and policies; and collecting and disseminating information on, and encouraging public discussion of, issues of international peace and security.

Appropriate Minister:	The Honourable Barbara McDougall, P.C., M.P. Secretary of State for External Affairs	Incorporation:	1984; by the *Canadian Institute for International Peace and Security Act*, (R.S.C. 1985, c. C-18); amended (R.S.C. 1985, 1st Suppl. c. 46)
Chairman:	David Braide	Head Office:	360 Albert Street Suite 900 Ottawa, Ontario, K1R 7X7
Chief Executive Officer:	Bernard Wood	Status:	Exempt from Divisions I to IV of Part X of the *Financial Administration* Act. Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	External Affairs

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	2.0	2.1	2.2	1.8	1.6
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	1.7	1.7	1.7	1.6	1.4
Operations					
Revenues[1]	5.2	5.2	5.1	4.1	3.1
Net Income	(0.1)	negl.	0.2	0.2	(0.3)
Cash Flow	0.1	0.1	0.2	0.3	(0.3)
Received from/payments to Canada					
Budgetary	5.0	5.0	5.0	4.0	3.0
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes budgetary funding received from Canada.
negl. = negligible

CANADIAN LIVESTOCK FEED BOARD

MANDATE

To ensure: availability of adequate feed grain to meet the needs of livestock feeders; availability of adequate storage for feed grain in eastern Canada; reasonable stability in prices for feed grain in eastern Canada, British Columbia and the Yukon and Northwest Territories; and fair equalization of feed grain prices in those regions.

BACKGROUND

Established in 1967, the Board executes its mandate by subsidizing the transportation costs of feed grains; by assessing requirements for feed grains and storage space and by collecting and disseminating related information; and by negotiating and coordinating with respect to storage, handling, transportation and cost of feed grains. Its programs are financed by budgetary payments from Canada. The February 20, 1990 Budget announced that the Board would be dissolved as a Crown corporation and its functions transferred to Agriculture Canada. Bill C-8, currently being considered by Parliament, provides for the dissolution of the Canadian Livestock Feed Board.

Appropriate Minister:	The Honourable William McKnight, P.C., M.P. Minister of Agriculture	Incorporation:	1967; pursuant to the *Livestock Feed Assistance Act*, (R.S.C. 1985, c. L-10)
Chairman and Chief Executive Officer:	Griffith T. Meredith	Head Office:	Suite 400 5180 Queen Mary Road P.O. Box 177, Snowdon Station Montreal, Quebec, H3X 3T4
		Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Agriculture

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	1.9	1.9	2.4	2.1	2.4
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(0.4)	(0.9)	0.1	0.2	0.3
Operations					
Revenues	nil	nil	nil	nil	nil
Net Income (cost of operations)	(18.3)	(19.1)	(19.0)	(18.7)	(17.2)
Cash Flow	(18.3)	(19.1)	(19.0)	(18.7)	(17.2)
Received from/payments to Canada					
Budgetary	18.7	18.1	18.9	18.5	17.0
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

CANADIAN MUSEUM OF CIVILIZATION

MANDATE

To increase interest in, knowledge of, appreciation and respect for human cultural achievements and human behaviour throughout Canada and internationally. To establish a collection of objects of historical or cultural interest relating to human cultural achievements and human behaviour. The collection is to have special but not exclusive reference to Canada.

BACKGROUND

On July 1, 1990, the Canadian Museum of Civilization became an autonomous Crown corporation under the *Museums Act*, Bill C-12. The museum was previously under the jurisdiction of the National Museums Corporation of Canada.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Incorporation:	July 1, 1990, by the *Museums Act* (S.C. 1990, c.3)
Chairman:	Peter A. Herrndorf	Head Office:	100 Laurier Street P.O. Box 3100, Station B Hull, Quebec, J8X 4H2
Chief Executive Officer:	George F. MacDonald	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Communications

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91[1]
Financial Position	
Total Assets	23.7
Obligations to the private sector	nil
Obligations to Canada	nil
Shareholder's Equity	10.9
Operations	
Revenues	4.2
Net Income	(28.5)
Cash Flow	(26.7)
Received from/payments to Canada	
Budgetary	29.4
Loans and Investments	nil
Loan Repayments	nil
Dividends	nil

[1] Financial summary for nine months ending March 31, 1991.

CANADIAN MUSEUM OF NATURE

MANDATE

To increase interest in, knowledge of, appreciation and respect for the natural world throughout Canada and internationally. To establish, develop and maintain a collection of natural history objects with special but not exclusive reference to Canada.

BACKGROUND

The Canadian Museum of Nature was established as an autonomous Crown corporation by the *Museums Act* on July 1, 1990. The Museum was previously under the jurisdiction of the National Museums Corporation of Canada.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Incorporation:	July 1, 1990, by the *Museums Act* (S.C. 1990, c.3)
Chairman:	Norman E. Wagner, Q.C., PhD., L.L.E.	Head Office:	Victoria Memorial Building P.O. Box 3443, Station D Ottawa, Ontario K1P 6P4
Chief Executive Officer:	Alan R. Emery, PhD.	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Communications

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91[1]
Financial Position	
Total Assets	5.8
Obligations to the private sector	nil
Obligations to Canada	nil
Shareholder's Equity	0.8
Operations	
Revenues	1.0
Net Income	(13.8)
Cash Flow	(13.2)
Received from/payments to Canada	
Budgetary	13.6
Loans and Investments	nil
Loan Repayments	nil
Dividends	nil

[1] Financial summary for nine months ending March 31, 1991.

CANADIAN NATIONAL RAILWAY COMPANY

MANDATE

To operate a national railway system and other transportation and related services.

BACKGROUND

In 1919, CNR was created from an amalgamation of 200 companies, many of which were insolvent. From the merger of these companies, CNR was required to produce one strong, commercially competitive system to serve the entire nation. It was recapitalized in 1937, in 1952 and in 1978. In 1988, the corporation sold its hotel, telephone and telecommunication subsidiaries and applied the proceeds to reduce its corporate debt. In 1986, its subsidiary CN Marine Inc., was incorporated as a separate parent Crown corporation and renamed Marine Atlantic Inc.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1919; by the *Canadian National Railway Act* which was superseded by the 1955 Act of the same name (R.S.C. 1985, c. C-19)
Chairman:	Brian R.D. Smith, Q.C.	Head Office:	16th Floor 935 de la Gauchetière, West Montreal, Quebec, H3B 2M9
Chief Executive Officer:	Ronald E. Lawless	Status:	Schedule III, Part II Not an agent of Her Majesty
Auditor:	Deloitte & Touche; Raymond, Chabot, Martin, Paré & Associates	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	7,028	7,105	6,906	7,594	7,843
Obligations to the private sector	1,712	1,769	1,842	2,752	3,149
Obligations to Canada	148	161	173	185	209
Shareholder's Equity	3,546	3,540	3,375	3,101	3,005
Operations					
Revenues	4,011	4,139	4,363	4,598	4,560
Net Income	8	206	283	121	(86)
Cash Flow	252	486	424	458	272
Received from/payments to Canada					
Budgetary[1]	14	17	29	21	20
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	13	12	12	24	56
Dividends	2	41	57	nil[2]	nil

[1] Excludes payments of a kind made to a general class of recipients and excludes cash for CN Marine Inc.
[2] Dividend of $24.1 million was declared in 1987 and subsequently reversed in 1988.

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LTD.

MANDATE

To collect monies due to it from the sale of eight steamships to Cuban interests.

BACKGROUND

The corporation, which provided a steamship service to the West Indies, has been inactive since 1958 when its fleet of ships was sold to Banco Cubana of Havana. In 1959, the corporate management was transferred to federal government officials for the purpose of collecting the proceeds from the sale. An irrevocable letter of credit issued through the Bank of America to cover the final principal payment was not honoured because of the imposition of the Cuban Assets Control Regulations by the U.S. government on July 3, 1963. The sole purpose of maintaining the company has been to collect the outstanding principal plus interest, totalling $1.6 million as of December 31, 1990. Authority to dissolve the corporation has been given in the *Crown Corporations Dissolution Authorization Act*, which received Royal Assent on October 29, 1985.

Appropriate Minister: The Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

Chairman and Chief Executive Officer: Ron Jackson

Auditor: Auditor General of Canada

Incorporation: 1927; created by CNR in 1927 under the *Dominion Companies Act* and continued under the *Canada Business Corporations Act*, November 21, 1978

Head Office: Tower C
Place de Ville
23rd Floor
330 Sparks Street
Ottawa, Ontario, K1A 0N5

Status: Schedule III, Part I
An agent of Her Majesty

Department: Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	1989	1988	1987	1986
Financial Position					
Total Assets	1.7	1.5	1.3	1.2	1.1
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	0.3	0.3	0.3	0.3	0.3
Shareholder's Equity	1.3	1.2	1.0	0.9	0.8
Operations					
Revenues	0.2	0.1	0.1	0.1	0.1
Net Income	0.2	0.1	0.1	0.1	0.1
Cash Flow[1]	n.a	n.a	n.a	n.a	n.a
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] The corporation does not provide a Cash flow statement.
n.a = not applicable

CANADIAN PATENTS AND DEVELOPMENT LIMITED

MANDATE

To maximize benefits to Canada by the promotion and use of innovations produced by publicly funded institutions and agencies and by others on behalf of the Crown.

BACKGROUND

The corporation makes available to the public the industrial and intellectual property resulting from government-funded research and development. It makes licensing arrangements with industry and monies received which are used to cover most of its operating expenses. Awards are paid to inventors under the *Public Service Inventions Act*. As announced in the February 1990 Budget, CPDL is to be wound up. Bill C-8, currently being considered by Parliament, provides for the dissolution of Canadian Patents and Development Limited.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade	Incorporation:	1947; by letters patent under the *Companies Act*; continued under the *Canada Business Corporation Act* in 1979
Chairman:	Jacques A. Léger	Head Office:	17th Floor 275 Slater Street Ottawa, Ontario, K1A 0R3
Chief Executive Officer:	Normand Plante	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Industry, Science and Technology

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	1.9	1.5	1.5	1.2	0.8
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	1.0	0.7	0.5	0.3	negl.
Operations					
Revenues	2.1	2.5	2.0	1.8	1.7
Net Income[1]	0.3	0.2	0.1	0.3	(0.4)
Cash Flow[1]	1.2	0.2	0.2	0.4	(0.4)
Received from/payments to Canada					
Budgetary	1.8	0.8	1.2	1.1	0.5
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes budgetary funding received from Canada.
negl. = negligible

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LTD.

MANDATE

To collect monies due to it from the sale of eight steamships to Cuban interests.

BACKGROUND

The corporation, which provided a steamship service to the West Indies, has been inactive since 1958 when its fleet of ships was sold to Banco Cubana of Havana. In 1959, the corporate management was transferred to federal government officials for the purpose of collecting the proceeds from the sale. An irrevocable letter of credit issued through the Bank of America to cover the final principal payment was not honoured because of the imposition of the Cuban Assets Control Regulations by the U.S. government on July 3, 1963. The sole purpose of maintaining the company has been to collect the outstanding principal plus interest, totalling $1.6 million as of December 31, 1990. Authority to dissolve the corporation has been given in the *Crown Corporations Dissolution Authorization Act*, which received Royal Assent on October 29, 1985.

Appropriate Minister: The Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

Chairman and Chief Executive Officer: Ron Jackson

Auditor: Auditor General of Canada

Incorporation: 1927; created by CNR in 1927 under the *Dominion Companies Act* and continued under the *Canada Business Corporations Act*, November 21, 1978

Head Office: Tower C
Place de Ville
23rd Floor
330 Sparks Street
Ottawa, Ontario, K1A 0N5

Status: Schedule III, Part I
An agent of Her Majesty

Department: Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	1.7	1.5	1.3	1.2	1.1
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	0.3	0.3	0.3	0.3	0.3
Shareholder's Equity	1.3	1.2	1.0	0.9	0.8
Operations					
Revenues	0.2	0.1	0.1	0.1	0.1
Net Income	0.2	0.1	0.1	0.1	0.1
Cash Flow[1]	n.a	n.a	n.a	n.a	n.a
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] The corporation does not provide a Cash flow statement.
n.a = not applicable

CANADIAN PATENTS AND DEVELOPMENT LIMITED

MANDATE

To maximize benefits to Canada by the promotion and use of innovations produced by publicly funded institutions and agencies and by others on behalf of the Crown.

BACKGROUND

The corporation makes available to the public the industrial and intellectual property resulting from government-funded research and development. It makes licensing arrangements with industry and monies received which are used to cover most of its operating expenses. Awards are paid to inventors under the *Public Service Inventions Act*. As announced in the February 1990 Budget, CPDL is to be wound up. Bill C-8, currently being considered by Parliament, provides for the dissolution of Canadian Patents and Development Limited.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade	Incorporation:	1947; by letters patent under the *Companies Act*; continued under the *Canada Business Corporation Act* in 1979
Chairman:	Jacques A. Léger	Head Office:	17th Floor 275 Slater Street Ottawa, Ontario, K1A 0R3
Chief Executive Officer:	Normand Plante	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Industry, Science and Technology

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	1.9	1.5	1.5	1.2	0.8
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	1.0	0.7	0.5	0.3	negl.
Operations					
Revenues	2.1	2.5	2.0	1.8	1.7
Net Income[1]	0.3	0.2	0.1	0.3	(0.4)
Cash Flow[1]	1.2	0.2	0.2	0.4	(0.4)
Received from/payments to Canada					
Budgetary	1.8	0.8	1.2	1.1	0.5
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes budgetary funding received from Canada.
negl. = negligible

CANADIAN SALTFISH CORPORATION

MANDATE

To regulate interprovincial and export trade in saltfish from participating provinces (Quebec - Lower North Shore, and Newfoundland) to improve earnings of primary producers of cured cod fish.

BACKGROUND

In accordance with its enabling legislation, the corporation must buy all saltfish offered to it which is of reasonable quality, and must conduct its operations on a self-sustaining financial basis.

Appropriate Minister:	The Honourable John Crosbie, P.C., M.P. Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency	Incorporation:	1970; by the *Saltfish Act* (R.S.C. 1985, c. S-4)
Chairman:	James G. Barnes	Head Office:	Saltfish Building Newfoundland Drive P.O. Box 9440 St. John's, Newfoundland, A1A 2Y3
Chief Executive Officer:	Greg Viscount	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Fisheries and Oceans

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	8.4	16.3	28.5	27.6	24.4
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	31.4	44.0	41.0	28.9	24.0
Shareholder's Equity (Deficiency)	(25.6)	(34.7)	(15.3)	(5.4)	(4.2)
Operations					
Revenues[1]	37.6	47.1	73.3	85.2	75.8
Net Income	(5.9)	(19.4)	(9.9)	(1.2)	1.2
Cash Flow	(4.3)	(7.3)	(5.1)	0.1	1.5
Received from/payments to Canada					
Budgetary	15.0[2]	nil	nil	nil	nil
Loans and Investments	nil	3.0	12.1	4.9	6.6
Loan Repayments	12.6	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] During 1989-90, the corporation ceased providing marketing services and financing for frozen fish products.
[2] In 1990-91, the corporation received an ex-gratia payment from Canada.

CANADIAN WHEAT BOARD, THE

MANDATE

To market wheat and barley grown in western Canada in the best interests of western Canada's grain producers; to administer the *Prairie Grain Advance Payments Act*.

BACKGROUND

The Board was established in 1935 by Act of Parliament and is now responsible for all exports of wheat and barley grown in the prairie provinces and some parts of British Columbia. It is also responsible for sales of these grains for human consumption in Canada. The Board may sell domestic feed grains, but in general these sales are handled by producers themselves or by private trade. The Board issues a government-guaranteed initial payment when the producer delivers grain. Receipts are pooled, and a final payment net of marketing costs is made after the full year's returns have been calculated. Deficits are rare but if they occur they are, by statute, a charge upon the Consolidated Revenue Fund of Canada. The Board negotiates directly with customers, or through Accredited Exporters. The Board's longstanding mandate to market oats was ended by Orders in Council (PC 1989-986 and PC 1989-987) of May 27, 1989.

Appropriate Minister:	The Honourable William McKnight, P.C., M.P. Minister of Agriculture	Incorporation:	1935; by *The Canadian Wheat Board Act* (R.S.C. 1985, c. C-24)
		Head Office:	423 Main Street P.O. Box 816 Winnipeg, Manitoba, R3C 2P5
Chief Commissioner:*	Lorne Hehn	Status:	Exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act*. An agent of Her Majesty.
Auditor:	Deloitte & Touche	Department:	Agriculture

FINANCIAL SUMMARY ($ million) Financial year ending July 31.

	1989-90	1988-89	1987-88	1986-87	1985-86
Financial Position					
Total Assets	5,612	4,939	4,103	4,836	5,234
Obligations to the private sector	5,172	4,292	3,663	4,684	5,060
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues (sales of grains on behalf of farmers)	4,111	4,279	2,862	3,208	3,757
Net Income[1]	359	552	399	58	47
Cash Flow[2]	n.a	n.a	n.a	n.a	n.a
Received from/payments to Canada					
Budgetary	15	112[3]	16	128	218
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

* Performs the functions and duties equivalent to a Chairman and Chief Executive Officer.

1 Total for all Pool accounts. The CWB administers each pool account independently. This amount represents the surpluses and these are paid out to the farmers at the beginning of the following calendar year. Deficits in any pools are recovered from the Government of Canada. Deficit payments were as follows: 1988-89, $32 million; 1986-87, $111 million; 1985-86, $201 million.

2 The Canadian Wheat Board does not provide a Cash flow statement.

3 Includes $66 million in payment for cancellation of Two Price Wheat.

n.a = not applicable

CAPE BRETON DEVELOPMENT CORPORATION

MANDATE

To operate, reorganize and rationalize coal production from the Sydney coal field.

BACKGROUND

The corporation was established in 1967 by the *Cape Breton Development Corporation Act* with a Coal Division and an Industrial Development Division. The Industrial Development Division's mandate (IDD) was to develop alternative employment opportunities and to broaden the base of the local Cape Breton economy. Pursuant to the *Atlantic Canada 1987 Legislation*, this division was transferred to the Enterprise Cape Breton Corporation on December 1, 1988.

The remaining Coal Division (DEVCO) is the major employer in the Sydney/Glace Bay area with approximately 2,800 employees. The corporation operates three collieries (Prince, Lingan, and Phalen) and fully integrated support facilities including a coal preparation plant, a complete railway transportation system, and a shipping pier.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade	Incorporation:	1967; by the *Cape Breton Development Corporation Act,* (R.S.C. 1985, c. C-25)
Chairman:	John Terry	Head Office:	500 Kings Road P.O. Box 2500 Sydney, Nova Scotia, B1P 6K9
Chief Executive Officer:	Ernest Boutilier	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Industry, Science and Technology

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**[1]	**1987-88**	**1986-87**
Financial Position					
Total Assets	411	475	534	626	581
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	31	7	41	22	7
Shareholder's Equity[2]	343	429	449	548	511
Operations					
Revenues	216	238	200	214	192
Net Income	(119)	(74)	(97)	(64)	(54)
Cash Flow	0.1	(9)	(30)	(6)	(22)
Received from/payments to Canada					
Budgetary	32	54[3]	28	101	164
Loans and Investments	24	nil	19	15	4
Loan Repayments	nil	34	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Prior to 1988-89, financial data in this Summary represented the consolidation of data of the two divisions (Coal, and IDD).
[2] Includes budgetary funding received from Canada.
[3] $29.7 million of the $54 million pertains to 1988-89 operating loss.

DEFENCE CONSTRUCTION (1951) LIMITED

MANDATE

To contract for and supervise major military construction and maintenance projects required by the Department of National Defence; to provide technical and administrative assistance concerning construction matters to government departments and agencies on a cost-recovery basis.

BACKGROUND

The corporation has been in operation since 1951.

Appropriate Minister:	The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works	Incorporation:	1951; by the *Defence Production Act* (R.S.C. 1985, c. D-1); continued under the *Canada Business Corporations Act*, November 21, 1978
Chairman and Chief Executive Officer:	J.R. Lorne Atchison	Head Office:	Sir Charles Tupper Building 3rd Floor, A Wing Riverside Drive Ottawa, Ontario, K1A 0K3
		Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Public Works

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	2.4	2.3	1.0	2.0	1.5
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(2.4)	(2.9)	(2.8)	(2.9)	(2.9)
Operations					
Revenues[1]	16.4	15.3	14.3	12.8	13.0
Net Income	0.5	(0.1)	0.2	negl.	0.1
Cash Flow	0.6	0.5	0.8	0.4	0.5
Received from/payments to Canada					
Budgetary	15.5	14.3	13.7	12.6	12.8
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Revenues include appropriations received from Canada.
negl. = negligible

ENTERPRISE CAPE BRETON CORPORATION

MANDATE

To promote and assist the financing and development of industry on the Island of Cape Breton, to provide employment outside the coal producing industry and to broaden the base of the economy of the Island.

BACKGROUND

On December 1, 1988, the Industrial Development Division (IDD) of the Cape Breton Development Corporation became a separate Crown corporation, Enterprise Cape Breton Corporation. To ensure coordination of development policies within the region, this corporation reports to the Minister responsible through Atlantic Canada Opportunities Agency. The Agency and the corporation have the same President. Upon assuming the activities, programs and properties of the IDD, revised programs were established to promote industrial development on Cape Breton Island and in the northeast part of the Nova Scotia mainland.

Appropriate Minister:	The Honourable John Crosbie, P.C., M.P. Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency	Incorporation:	1988; by The *Government Organization Act, Atlantic Canada*,1987.(S.C. 1988, c.50)
Chairman:	Peter Lesaux	Head Office:	P.O. Box 1750 Sydney, Nova Scotia, B1P 6T7
Chief Executive Officer:	Patrick Bates	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Atlantic Canada Opportunities Agency

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**
Financial Position			
Total Assets	18.7	25.7	33.4
Obligations to the private sector	nil	nil	nil
Obligations to Canada	nil	nil	nil
Shareholder's Equity	16.7	22.5	32.0
Operations			
Revenues	2.3	4.1	1.1
Net Income	(15.3)	(16.8)	(2.8)
Cash Flow	(7.8)	(8.8)	(1.8)
Received from/payments to Canada			
Budgetary	10.6	7.3	3.4
Loans and Investments	nil	nil	nil
Loan Repayments	nil	nil	nil
Dividends	1.1[1]	nil	nil

[1] Represents net proceeds from the sale of assets remitted to Canada.

EXPORT DEVELOPMENT CORPORATION

MANDATE

Export Development Corporation (EDC) is Canada's official export credit agency, responsible for facilitating and developing export trade by the provision of credit insurance, loans, guarantees, and other financial services to promote Canadian export trade.

BACKGROUND

In addition to its corporate activities, EDC administers for Canada certain export insurance and financing in support of export transactions considered to be in the national interest.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade	Incorporation:	1969; by the *Export Development Act*, (R.S.C. 1985, c. E-20)
Chairman:	Maureen J. Sabia	Head Office:	14th Floor 151 O'Connor Street P.O. Box 655 Ottawa, Ontario, K1P 5T9
Chief Executive Officer:	Paul Labbé	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	External Affairs

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

CORPORATE ACCOUNT	**1990**	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	7,040	6,567	6,522	6,933	7,173
Obligations to the private sector	5,855	5,473	5,221	5,599	5,821
Obligations to Canada	nil	nil	nil	25	80
Shareholder's Equity	786	705	904	899	898
Operations					
Revenues	642	630	619	665	677
Net Income	6	(199)	4	2	2
Cash Flow	103	134	132	(26)	(24)
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	75	nil	nil	nil	nil
Loan Repayments	nil	nil	25	55	74
Dividends	nil	nil	nil	nil	nil
CANADA ACCOUNT					
Financial Position					
Canada assets administered	1,256	1,027	926	871	880

FARM CREDIT CORPORATION

MANDATE

To assist Canadian farmers to establish and develop viable farm enterprises through the provision of long-term credit and other financial services.

BACKGROUND

Since 1959, under the authority of the *Farm Credit Act*, the corporation has made mortgage loans to farmers for the purchase of farm land, livestock and machinery, for permanent farm improvements and for debt refinancing. Under the authority of the *Farm Syndicates Credit Act*, the corporation may make loans to groups of farmers for the joint acquisition of agricultural facilities and equipment. The maximum loan for an individual farm is $600,000 and for a syndicate is $100,000. The corporation maintains six regional offices and about 100 district and field offices. As at March 31, 1991, the Corporation had 61,475 loans outstanding.

Appropriate Minister:	The Honourable William McKnight, P.C., M.P. Minister of Agriculture	Incorporation:	1959; by the *Farm Credit Act* (R.S.C. 1985, c. F-2)
Chairman and Chief Executive Officer:	James J. Hewitt	Head Office:	6th Floor 434 Queen Street P.O. Box 2314, Station D Ottawa, Ontario, K1P 6J9
		Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Agriculture

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	3,810	3,817	4,032	4,307	5,015
Obligations to the private sector	1,128	1,216	1,328	1,328	1,600
Obligations to Canada	2,432	2,549	3,254	3,484	3,305
Shareholder's Equity (Deficiency)	147	(74)	(671)	(637)	(125)
Operations					
Revenues	426	423	407	384	483
Net Income	20	(3)	(35)	(512)	(132)
Cash Flow	24	8	(48)	(114)	(76)
Received from/payments to Canada					
Budgetary	nil	nil	nil[1]	15[1]	5
Loans and Investments	471	894	130	525	nil
Loan Repayments	388	999	360	346	591
Dividends	nil	nil	nil	nil	nil

[1] In addition to the direct payments from Canada, the corporation received cash from the Department of Agriculture in compensation for financial concessions to clients under the Farm Debt Review Board program.

FEDERAL BUSINESS DEVELOPMENT BANK

MANDATE

To promote and assist in the establishment and development of business enterprises in Canada by providing financial assistance, management counselling, management training, information and advice, giving particular attention to the needs of small business enterprises.

BACKGROUND

Since 1974, the Bank has provided financial assistance to Canadian firms by acting as a supplementary lender and a source of equity financing. It also provides financial planning, counselling, training and other management services to small and medium-sized business.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade	Incorporation:	1974; by the *Federal Business Development Bank Act* (R.S.C. 1985, c. F-6)
Chairman:	Bertrand J. Lavoie	Head Office:	800 Victoria Square P.O. Box 335 Stock Exchange Tower Station Montreal, Quebec, H4Z 1L4
Chief Executive Officer:	Guy A. Lavigueur	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Raymond, Chabot, Martin, Paré and Associates and the Auditor General of Canada	Department:	Industry, Science and Technology

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	2,789	2,814	2,541	2,297	1,920
Obligations to the private sector	2,385	2,418	2,173	1,980	1,617
Obligations to Canada	nil	nil	nil	nil	51
Shareholder's Equity	368	365	345	299	242
Operations					
Revenues	386	379	327	275	246
Net Income	3	10	11	6	7
Cash Flow	69	70	95	62	57
Received from/payments to Canada					
Budgetary	15	33	62	77	55
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

FRESHWATER FISH MARKETING CORPORATION

MANDATE

The objectives of the corporation are to market fish in an orderly manner, to increase returns to fishers; and to promote international markets for, and increase inter-provincial and export trade in, fish.

BACKGROUND

The corporation was created to improve the economic situation of commercial fisheries in Western Canada. The corporation's Act requires it to purchase and market all of the legally caught freshwater fish from the region it serves and to operate on a self-sustaining basis. Its products are sold in direct competition with producers from the Great Lakes area as well as competing against other fish and seafood products in an open marketplace.

Appropriate Minister:	The Honourable John Crosbie, P.C., M.P. Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency	Incorporation:	1969; by the *Freshwater Fish Marketing Act* (R.S.C. 1985, c. F-13)
Chairman:	Maurice Blanchard	Head Office:	1199 Plessis Road Winnipeg, Manitoba, R3C 3L4
Chief Executive Officer:	Tom Dunn	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Fisheries and Oceans

FINANCIAL SUMMARY ($ million) Financial year ending April 30.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	18.6	30.0	28.6	23.6	18.9
Obligations to the private sector[1]	3.2	1.7	8.1	16.3	13.8
Obligations to Canada	9.9	21.1	14.0	2.0	0.9
Shareholder's Equity	3.4	3.3	3.0	2.7	2.2
Operations					
Revenues	52.1	49.4	55.1	58.1	58.6
Net Income	0.1	0.3	0.4	0.4	0.4
Cash Flow	1.7	1.6	1.4	1.5	1.3
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	7.1	12.0	1.1	nil
Loan Repayments	11.2	nil	nil	nil	13.8
Dividends	nil	nil	nil	nil	nil

[1] Includes provision for final payments to fishermen.

GREAT LAKES PILOTAGE AUTHORITY, LTD.

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service in the designated Canadian waters in the Great Lakes area in and around Ontario, in designated waters in Manitoba, and in the St. Lawrence River, south of the St. Lambert Lock in Quebec.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the Great Lakes region. With the approval of the Governor-in-Council, the Authority has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14), incorporated under the *Canada Corporations Act* in May 1972 as a subsidiary of The St. Lawrence Seaway Authority
Chairman and Chief Executive Officer:	Richard G. Armstrong	Head Office:	132 Second Street East P.O. Box 95 Cornwall, Ontario, K6H 5R9
		Status:	Schedule III, Part I Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	1989	1988	1987	1986
Financial Position					
Total Assets	2.8	4.3	4.5	4.6	5.2
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(2.8)	(1.2)	(0.9)	(2.0)	(1.0)
Operations					
Revenues	8.4	9.4	9.7	9.9	11.4
Net Income	(1.6)	(0.3)	negl.	(0.9)	0.8
Cash Flow	(1.3)	0.1	0.3	(0.7)	1.1
Received from/payments to Canada					
Budgetary	nil[1]	nil	1.0	nil	3.4
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] The corporation received a Parliamentary appropriation of $1.4 million in February, 1991 for the cash operating loss for 1990.
negl. = negligible

HALIFAX PORT CORPORATION

MANDATE

Administration, management and control of the Halifax harbour and all works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, the National Harbours Board.

BACKGROUND

The Halifax Port Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. The port now handles more Canadian containerized cargo than any other port.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1984; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 25 (1) of the *Canada Ports Corporation Act.* (R.S.C. 1985, c. C-9)
Chairman:	Donald A. Parker	Head Office:	P.O. Box 336 Ocean Terminal Halifax, Nova Scotia, B3P 2P6
Chief Executive Officer:	David F. Bellefontaine	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Doane Raymond	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	1989	1988	1987	1986
Financial Position					
Total Assets	70.0	69.4	65.0	62.0	60.6
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	3.1	3.5	3.8	4.1	30.0
Shareholder's Equity	62.1	62.4	58.4	55.2	23.2
Operations					
Revenues	16.0	15.6	13.9	13.3	11.4
Net Income	3.7	4.6	3.1	1.7	1.1
Cash Flow	5.8	6.8	5.1	3.7	3.5
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	nil	4.1
Loan Repayments	0.4	0.3	0.3	nil	nil
Dividends	2.5[1]	0.6	0.2	0.3	1.9

[1] Includes contributions to Canada (cash recovery) of $1.47 million.

HARBOURFRONT CORPORATION

MANDATE

Harbourfront Corporation operates, manages, maintains and develops the Harbourfront site in Toronto. Since January 1991, the activities of the corporation have focused specifically on implementing the recommendations of the Royal Commission on the Future of the Toronto Waterfront.

BACKGROUND

Harbourfront Corporation was created in 1972 from the assembly of lands owned and expropriated by the federal government. With participation from all levels of government, its mandate to support cultural, recreational and educational activities at the Harbourfront site was established in 1978. In addition to funding facilities for public use, the corporation also encouraged private sector development on the site . Over the past several years, Harbourfront's dual role as programmer and developer has been under review.

On March 30, 1988, the federal government commissioned a Royal Commission on the Future of the Toronto Waterfront to review the role, mandate and development plans of Harbourfront Corporation. Implementation plans were developed on the basis of the recommendations of the Commission. Under this plan, cultural, recreational and educational activities have been transferred to Harbourfront'90, a local not-for-profit programming entity. A second entity, a charitable foundation, was established and will be responsible for managing the fund which will be generated from the disposition of the corporation's real estate assets and will make a contribution from that fund to support the public programming activities of Harbourfront '90. Bill C-8, currently being considered by Parliament, provides for the dissolution of Harbourfront Corporation.

Appropriate Minister: The Honourable Elmer MacKay, P.C., M.P.
Minister of Public Works

Chairman and Chief Executive Officer: William J. McAleer, Q.C.

Auditor: Peat Marwick Thorne and the Auditor General of Canada

Incorporation: 1936; as Terminal Warehouses Ltd, under the Ontario *Companies Act*; July 14, 1978, as Harbourfront Corporation, under the *Business Corporations Act* of Ontario; continued under the *Canada Business Corporations Act*, December 21, 1984

Head Office: Scotia Plaza, Suite 2703
P.O. Box 320
Toronto, Ontario, M5H 3Y2

Status: Schedule III, Part I
Not an agent of Her Majesty

Department: Public Works

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88 (restated)	1986-87
Financial Position					
Total Assets	20.8	31.0	35.0	42.4	52.7
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	2.2	nil	nil	nil	nil
Shareholder's Equity	15.1	25.2	30.9	38.7	49.6
Operations					
Revenues	13.6[1]	15.3	13.7	11.7	10.5
Net Income	(7.7)[1]	(5.2)	(5.4)	(3.8)	(2.4)
Cash Flow	(7.5)[1]	(5.0)	(4.9)	(3.5)	(2.2)
Received from/payments to Canada					
Budgetary	3.6	3.6	nil	nil	1.0
Loans and Investments	2.2	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes amounts pertaining to transferred activities between the corporation and Harbourfront '90. Harbourfront '90, a reorganized entity, pursuant to the Asset Transfer Agreement dated December 31, 1990, is responsible for all public programming activities.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

MANDATE

To initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development.

BACKGROUND

ICOD's programs are part of Canada's Official Development Assistance commitment. The Centre fosters and supports initiatives that help developing countries to improve their own management and use of ocean resources in a rational and sustainable manner. The focus is on island and coastal nations where ocean resources can have the maximum development impact.

Appropriate Minister:	The Honourable Monique Landry, P.C., M.P. Minister for External Relations and Minister of State (Indian Affairs and Northern Development)	Incorporation:	1985; *The International Centre For Ocean Development Act*, (R.S.C. 1985, 1st Suppl. c. 17)
Chairman:	Elisabeth Mann Borgese	Head Office:	9th Floor 5670 Spring Garden Road Halifax, Nova Scotia, B3J 1H6
Chief Executive Officer:	Gary C. Vernon	Status:	Schedule III, Part I Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	External Affairs and International Trade

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	2.7	1.8	1.3	0.2	0.1
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada[1]	nil	nil	nil	nil	nil
Shareholder's Equity	0.2	0.6	negl.	negl.	negl.
Operations					
Revenues[2]	2.3	2.3	0.6	0.2	0.1
Net Income[2]	(12.6)	(9.6)	(8.0)	(6.4)	(4.0)
Cash Flow[2]	(12.6)	(9.6)	(8.0)	(6.4)	(4.0)
Received from/payments to Canada					
Budgetary	12.2	10.1	8.0	6.4	4.0
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Does not include advances from Canadian International Development Agency (CIDA): 1991, $1.0 million; 1990, $0.01 million; 1989, $0.6 million; 1988, nil; 1987, nil.
[2] Does not include budgetary funding.
negl. = negligible

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

MANDATE

To initiate, encourage, support and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions.

BACKGROUND

IDRC was created to help resolve, through research carried out by Third World scientists, the problems of poverty in the developing countries. To this end, it has established the following main program areas: Agriculture, Food and Nutrition Sciences, Health Sciences, Information Sciences, Social Sciences, Communication, and Earth and Engineering Sciences.

Appropriate Minister:	The Honourable Barbara McDougall, P.C., M.P. Secretary of State for External Affairs	Incorporation:	1970; by *The International Development Research Centre Act*, (R.S.C. 1985, c. I-19)
Chairman:	Dr. Janet M. Wardlaw	Head Office:	13th Floor 250 Albert Street P.O. Box 8500 Ottawa, Ontario, K1G 3H9
Chief Executive Officer:	Keith A. Bezanson	Status:	Exempt from provisions of Divisions I to IV of Part X of the *Financial Administration Act* Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	External Affairs

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	24.7	22.1	34.3	24.3	14.3
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	8.6	4.0	13.9	8.6	2.6
Operations					
Revenues	122.5	121.1	121.3	112.4	102.4
Net Income	4.5	(9.9)	5.3	6.0	1.4
Cash Flow	6.0	(8.5)	6.5	9.9	3.2
Received from/payments to Canada					
Budgetary	114.1	108.5	114.2	108.1	100.0
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	4.0[1]

[1] Contribution to Canada (cash recovery).

LAURENTIAN PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service in the St. Lawrence River between Les Escoumins and the north end of the St. Lambert Lock, in the Saguenay River and in the Chaleur Bay.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the St. Lawrence River region. With the approval of the Governor-in-Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14)
Chairman and Chief Executive Officer:	Jacques Marquis	Head Office:	Suite 1402 1080 Côte du Beaver Hall Montreal, Quebec, H2Z 1S8
		Status:	Schedule III, Part I Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	5.1	5.9	4.7	5.4	7.9
Obligations to the private sector	1.3	0.8	0.8	0.7	0.8
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	(1.3)	(1.1)	(0.9)	(0.6)	0.8
Operations					
Revenues	28.6	28.0	27.0	27.2	27.0
Net Income	(2.2)	(1.8)	(1.8)	(1.7)	(1.4)
Cash Flow	(2.1)	(1.6)	(1.5)	(1.5)	(1.3)
Received from/payments to Canada					
Budgetary	2.1	1.6	1.5	0.3	2.5
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

MARINE ATLANTIC INC.

MANDATE

To acquire, establish, manage and operate a marine transportation service, a marine maintenance, repair and refit service, a marine construction business and any service or business related thereto.

BACKGROUND

The company provides marine ferry services to Atlantic Canada. As CN Marine Inc., it was a subsidiary of Canadian National Railway Company. Pursuant to the *Marine Atlantic Inc. Acquisition Authorization Act* (S.C. 1986, C. 36) proclaimed on June 27, 1986, the company's name was changed to Marine Atlantic Inc. and was added to Part I of Schedule III of the *Financial Administration Act*. In 1987 the corporation acquired Coastal Transport Limited and the Newfoundland Dockyard Corporation, of St. John's. Coastal Transport Limited operates a ferry between New Brunswick ports. These subsidiaries operate autonomously. Customer revenues cover approximately one-third of Marine Atlantic's operating expenditures.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1979; by the *Canada Business Corporations Act*. Status and ownership changed as of December 31, 1986 (S.C. 1986, C. 36)
Chairman:	Alan Scales, Q.C.	Head Office:	100 Cameron Street Moncton, New Brunswick, E1C 5Y6
Chief Executive Officer:	Terry W. Ivany	Status:	Schedule III, Part I Not an agent of Her Majesty
Auditor:	Peat Marwick Thorne and the Auditor General of Canada	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	484.1	484.0	354.0	335.0	339.0
Obligations to the private sector	nil	0.2	3.7	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	1.1	(1.4)	1.0	(3.0)	(6.0)
Operations					
Revenues[1]	198.4	194.9	192.9	121.7	124.7
Net Income	(0.2)	(3.6)	2.4	3.1	1.0
Cash Flow	13.5	(3.0)	4.4	(5.0)	9.5
Received from/payments to Canada					
Budgetary	132.8	271.9	132.6	128.7	124.4
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes budgetary funding as contract revenues.

MINGAN ASSOCIATES, LTD

MANDATE

To purchase land for eventual disposition.

BACKGROUND

Ownership of the corporation was purchased for Canada in 1983 to obtain certain land and fishing rights. Those assets are to become Indian reserve property, and as a first step, have been transferred to the Crown in right of Canada. Bill C-8, currently being considered by Parliament, provides for the dissolution of Mingan Associates, Ltd.

Appropriate Minister:	The Honourable Tom Siddon, P.C., M.P. Minister of Indian Afffairs and Northern Development
Chairman and Chief Executive Officer:	Vacant
Incorporation:	1983; by Order in Council P.C. 1983-4029; a corporation under Part 1A of the *Quebec Companies Act*
Head Office:	Les Terrasses de la Chaudière 18th Floor 10 Wellington Street Hull, Quebec, K1A 0H4
Status:	Schedule III, Part I Not an agent of Her Majesty
Department:	Indian Affairs and Northern Development

FINANCIAL SUMMARY Financial year ending December 31, 1990.

All of the corporation's assets have been sold to the Crown. The corporation had no business or activity during the 1990 calendar year.

Mingan Associates Ltd. has been an inactive corporation since 1983.

MONTRÉAL PORT CORPORATION

MANDATE

To administer, manage and control the Montreal harbour and all the works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, the National Harbours Board.

BACKGROUND

The Montréal Port Corporation was established as a parent Crown corporation on July 1, 1983, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. The total volume of traffic at the port in 1990 was 21.7 million metric tonnes, up 6.5 percent compared with 1989.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1983; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 25(1) of the *Canada Ports Corporation Act.* (R.S.C. 1985, c. C-9)
Chairman:	André Gingras	Head Office:	Montreal Port Building Cité du Havre Wing No. 1 Montreal, Quebec, H3C 3R5
Chief Executive Officer:	Dominic J. Taddeo	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Samson Bélair and Deloitte & Touche	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	231.2	230.9	233.3	227.4	212.2
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	6.1	6.6	7.0	7.4	140.7
Shareholder's Equity	195.5	210.6	208.8	199.0	(47.6)
Operations					
Revenues	63.2	60.4	65.2	67.3	65.1
Net Income	10.8	5.2	14.0	15.4	13.8
Cash Flow	20.5	16.4	24.0	24.7	21.9
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	0.4	0.4	0.4	0.4	0.3
Dividends	13.6[1]	3.3	4.3	4.1	55.0[1]

[1] Includes contribution to Canada (cash recovery) of $12.3 million in 1990 and $55 million in 1986.

NATIONAL ARTS CENTRE CORPORATION

MANDATE

To promote the development of the performing arts.

BACKGROUND

In 1969, the corporation leased the National Arts Centre complex for twenty years without charge. The lease was renewed to May 31, 1991. The corporation's revenues meet about 52.8 per cent of its expenses with payments from Canada covering most of the balance. The corporation is a charitable organization for the purposes of the *Income Tax Act*.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Incorporation:	1966; by the *National Arts Centre Act,* (R.S.C. 1985, c. N-3)
Chairman:	Robert E. Landry	Head Office:	53 Elgin Street P.O. Box 1534, Station B Ottawa, Ontario, K1P 5W1
Chief Executive Officer:	Yvon DesRochers	Status:	Exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act* Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Communications

FINANCIAL SUMMARY ($ million) Financial year ending August 31.

	1989-90	1988-89	1987-88	1986-87	1985-86
Financial Position					
Total Assets	7.7	7.6	10.2	7.4	6.7
Obligations to the private sector	1.0	nil	nil	nil	negl.
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	(0.1)	0.3	1.1	1.6	1.1
Operations					
Revenues	18.8	20.7	17.9	16.6	15.4
Net Income	(16.8)	(16.3)	(15.9)	(14.4)	(13.6)
Cash Flow	(15.9)	(15.2)	(15.2)	(13.7)	(12.8)
Received from/payments to Canada					
Budgetary	18.0	17.4	18.7	14.9	16.7
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

negl. = negligible

NATIONAL CAPITAL COMMISSION

MANDATE

To prepare plans for and assist in the development, conservation and improvement of the National Capital Region; to organize, sponsor and promote public activities in the Region; to coordinate policies and programs of the Government in the organization, and sponsorship of public activities in the National Capital Region which are promoted by departments.

BACKGROUND

Canada has owned this corporation since 1899 with the creation of the Ottawa Improvement Commission (1899-1927), succeeded by the Federal District Commission (1927-1958).

Appropriate Minister:	The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works	Incorporation:	1958; by the *National Capital Act* (R.S.C. 1985, c. N-4), Amended in 1988 (S.C. 1988, c. 54)
Chairman:	Jean Pigott	Head Office:	14th Floor 161 Laurier Avenue West Ottawa, Ontario, K1P 6J6
Chief Executive Officer:	John Hoyles	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Public Works

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88 (restated)**	**1986-87**
Financial Position					
Total Assets	350.9	343.7	324.4	319.7	298.3
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	317.4	301.2	282.8	285.8	269.4
Operations					
Revenues	40.1	33.1	18.9	15.7	15.9
Net Income[1]	6.6	6.3	(21.4)	(8.3)	(26.6)
Cash Flow[1]	(2.4)	10.8	(14.5)	(0.2)	(18.5)
Received from/payments to Canada					
Budgetary	90.1	94.1	91.3	103.0	62.4
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes budgetary funding.

NATIONAL GALLERY OF CANADA

MANDATE

To develop, maintain and make known, throughout Canada and internationally, a national collection of works of art, historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding, and enjoyment of art in general among all Canadians.

BACKGROUND

The National Gallery was founded in 1880. The entity for the Gallery has changed many times over the years. On July 1, 1990, the National Gallery of Canada became an autonomous Crown corporation under the *Museums Act*, Bill C-12.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Incorporation:	July 1, 1990; by the *Museums Act* (S.C. 1990, c.3)
Chairman:	Jean C. Monty	Head Office:	380 Sussex Drive P.O. Box 427, Station A Ottawa, Ontario, K1N 9N4
Chief Executive Officer:	Dr. Shirley L. Thomson	Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Communications

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91[1]
Financial Position	
Total Assets	22.7
Obligations to the private sector	nil
Obligations to Canada	nil
Shareholder's Equity	9.0
Operations	
Revenues	2.6
Net Income	(20.7)
Cash Flow	(19.1)
Received from/payments to Canada	
Budgetary	23.2
Loans and Investments	nil
Loan Repayments	nil
Dividends	nil

[1] Financial summary for the nine months ending March 31, 1991.

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY

MANDATE

To foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technological objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

BACKGROUND

On July 1, 1990, the National Museum of Science and Technology became an autonomous Crown corporation under the *Museums Act*, Bill C-12.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Incorporation:	1990, by the *Museums Act* (S.C. 1990, c.3)
Chairman:	David M. Culver	Head Office:	2380 Lancaster Road P.O. Box 9724, Ottawa Terminal Ottawa, Ontario, K1G 5A3
Chief Executive Officer:	Geneviève Sainte-Marie	Status:	Schedule III, Part 1 An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Communications

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91[1]
Financial Position	
Total Assets	11.1
Obligations to the private sector	nil
Obligations to Canada	nil
Shareholder's Equity	5.0
Operations	
Revenues	0.6
Net Income	(11.5)
Cash Flow	(10.7)
Received from/payments to Canada	
Budgetary	14.8
Loans and Investments	nil
Loan Repayments	nil
Dividends	nil

[1] Financial summary for the nine months ending March 31, 1991.

OLD PORT OF MONTREAL CORPORATION INC.

MANDATE

To promote the development of the lands of Le Vieux-Port de Montréal; to develop, administer, manage and maintain Crown property there.

BACKGROUND

Since February 1982, the corporation has managed the Crown lands at Le Vieux-Port, including lands transferred to the Crown in 1983 from Canada Ports Corporation. Planning and consultation with the public and with the other levels of government have resulted in plans for major developments on the lands. The Government of Canada has announced a series of projects that are scheduled to be completed by 1992, the 350th anniversary of the founding of Montréal and the 125th anniversary of Confederation.

Appropriate Minister: The Honourable Elmer MacKay, P.C., M.P.
Minister of Public Works

Chairman and Chief Executive Officer: Benoît Lemay

Auditor: Auditor General of Canada

Incorporation: 1981; by Canada Lands Company Limited, under the *Canada Business Corporations Act.*

Head Office: 333 rue de la Commune West
Montreal, Quebec, H2Y 2E2

Status: A wholly-owned subsidiary of Canada Lands Company Limited; it has been directed by Order in Council (PC 1987-86) to report its affairs as if it were a parent Crown corporation.
An agent of Her Majesty

Department: Public Works

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	6.1	2.8	1.8	0.9	0.6
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues	4.5	3.2	2.2	1.1	0.6
Net Income (net expenditures)	(14.5)	(4.4)	(6.4)	(3.6)	(3.2)
Cash Flow	(3.6)	(2.7)	(2.5)	(2.3)	(2.0)
Received from/payments to Canada					
Budgetary	13.6	6.0	7.3	3.4	3.3
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

PACIFIC PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer, a safe and efficient pilotage service within designated waters in and around British Columbia.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the British Columbia region. With the approval of the Governor-in-Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14)
Chairman and Chief Executive Officer:	Robert J. Smith	Head Office:	Suite 300 1199 West Hastings Street Vancouver, British Columbia, V6E 4G9
		Status:	Schedule III, Part I Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	4.0	4.3	4.5	4.5	4.4
Obligations to the private sector	negl.	negl.	nil	nil	nil
Obligations to Canada	nil	nil	nil	negl.	negl.
Shareholder's Equity	1.8	2.3	2.8	2.6	2.6
Operations					
Revenues	29.3	25.3	27.2	26.3	23.3
Net Income	(0.4)	(0.5)	0.1	negl.	(0.2)
Cash Flow	(0.3)	(0.3)	0.4	0.1	(0.1)
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

negl. = negligible

PETRO-CANADA

(formerly PETRO-CANADA INC.)

MANDATE

To explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

BACKGROUND

Incorporated as **Petro-Canada Inc**. in 1975 under the *Canada Business Corporations Act*, it functioned as the operating subsidiary of Petro-Canada, the parent Crown corporation. Through a series of acquisitions including Atlantic Richfield, Pacific Petroleums, Petrofina, BP Canada and Gulf Canada's rights and other assets and also its own oil and gas investment program, Petro-Canada Inc. became a major oil and gas corporation.

On February 1, 1991, Petro-Canada was reorganized by the *Petro-Canada Public Participation Act*. Petro-Canada Inc. was continued as Petro-Canada, a new parent Crown corporation, with responsibility for all the oil and gas businesses. The shares of this operating company, Petro-Canada, were transferred to the Minister of State (Finance and Privatization). Petro-Canada, the former parent of Petro-Canada Inc. was renamed Petro-Canada Limited. Subsequently, Petro-Canada sold treasury shares to the public and at July 31, 1991, the Government of Canada owned 80.5% of the shares of Petro-Canada.

As a result of the share issue, the corporation is no longer a parent Crown corporation and accordingly, its summary page will not be included next year in this annual report.

Appropriate Minister:	The Honourable John H. McDermid, P.C., M.P. Minister of State (Finance and Privatization)	Incorporation:	1975; by the *Canada Business Corporations Act* continued as Petro-Canada February 1, 1991 under the *Petro-Canada Public Participation Act*
Chairman and Chief Executive Officer:	Wilbert H. Hopper	Head Office:	Petro-Canada Centre 52nd Floor, West Tower 150-6th Avenue, S.W. Calgary, Alberta, T2P 3E3
		Status:	Schedule III, Part II Not an agent of Her Majesty
Auditor:	Arthur Andersen & Co.	Department:	Finance

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989 (restated)**	**1988[1] (restated)**	**1987[1] (restated)**	**1986[1] (restated)**
Financial Position					
Total Assets	7,278	6,743	6,659	6,745	6,537
Obligations to the private sector	2,242	1,948	2,010	1,894	1,740
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	2,671	2,377	2,402	2,553	2,517
Operations					
Revenues	5,873	5,026	4,801	5,079	5,172
Net Income	181	20	(54)	92	7
Cash Flow	621	452	607	767	709
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] These financial statements were restated to reflect a change in 1989 in the method of accounting for exploration and development activities from the full cost method to the successful efforts method.

PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION

MANDATE

To assist oil-importing developing countries to exploit their own hydrocarbon resources; to provide development assistance directly to Third World countries; and to be available as an executing agent for other institutions such as the World Bank.

BACKGROUND

PCIAC participates in oil and gas exploration in developing countries, conducts pre-exploration studies and provides technical assistance and training. Under the terms of an Operating Services Agreement, Petro-Canada acts as PCIAC's executing agent for the procurement of goods and services on a non-profit, cost-recovery basis. At the time of the February 1991 federal Budget the Government announced its decision to dissolve PCIAC and deliver all energy aid through CIDA.

Appropriate Minister:	The Honourable Don Mazankowski[3], P.C., M.P. Deputy Prime Minister and Minister of Finance	Incorporation:	1981; under the *Canada Business Corporations Act*
Chairman and Chief Executive Officer:	Frederick W. Gorbet	Head Office:	c/o Department of Finance L'Esplanade Laurier 140 O'Connor Street Ottawa, Ontario K1A 0G5
		Status:	A wholly-owned subsidiary of Petro-Canada Limited which by Order in Council (PC 1985-2957), has been designated a parent Crown corporation with respect to Sections 122-125 and 150 of the *Financial Administration Act*. Not an agent of Her Majesty
Auditor:	Arthur Andersen & Co.	Department:	Finance

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	0.1	3.1	3.1	2.7	2.7
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	negl.	negl.	negl.	negl.	negl.
Operations					
Revenues[1]	43.0	49.3	60.5	67.4	33.9
Net Income	(3.2)	negl.	0.6	negl.	18.8
Cash Flow	(3.2)	negl.	0.6	negl.	18.8
Received from/payments to Canada					
Budgetary[2]	43.0	49.3	60.5	67.4	33.9
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Represents budgetary appropriations.
[2] Includes funding for activity supporting CIDA's Pakistan projects, received via CIDA (in 1987-88, $5.3 million; in 1986, $10.5 million and in 1985, $17.1 million).
[3] As of August 29, 1991, by Order in Council, the Minister of Finance, the Honourable Don Mazankowski, became the responsible minister for this corporation.
negl. = negligible

PETRO-CANADA LIMITED

(formerly PETRO-CANADA)

MANDATE

To hold Canada's interest in Petro-Canada International Assistance Corporation until it is dissolved and to fulfil, on a break-even basis, the government's debt obligations relating to Petro-Canada.

BACKGROUND

Incorporated in 1974 as **Petro-Canada** under the *Petro-Canada Act*, it was the parent Crown corporation responsible for establishing an integrated oil and gas business. Under the *Petro-Canada Public Participation Act* of February 1, 1991, it was renamed as **Petro-Canada Limited** and its principal operating subsidiary, Petro-Canada, was transferred to the Minister of State (Finance and Privatization). Petro-Canada Limited, as a continuing parent corporation, holds Canada's interest in Petro-Canada International Assistance Corporation (PCIAC) and the outstanding agency debt of its former operating subsidiary, Petro-Canada. Refinancing arrangements are being made to transfer this present debt in an orderly manner to Petro-Canada. Steps are also being taken to dissolve PCIAC. The *Petro-Canada Public Participation Act* allows for the dissolution of Petro-Canada Limited. The Crown received a dividend payment of $35 million from the former operating subsidiary, Petro-Canada, through Petro-Canada Limited.

Appropriate Minister:	The Honourable Don Mazankowski,[3] P.C., M.P. Deputy Prime Minister and Minister of Finance	Incorporation:	1975; by the *Petro-Canada Act* (R.S.C. 1985: c.P-11), continued as Petro-Canada Limited on February 1, 1991, under the *Petro-Canada Public Participation Act*
Chairman:	Arni Thorsteinson	Head Office:	c/o Department of Finance L'Esplanade Laurier 140 O'Connor Street Ottawa, Ontario, K1A 0G5
Chief Executive Officer:	Vacant	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Arthur Andersen & Co.	Department:	Finance

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989 (restated)**
Financial Position		
Total Assets	2,128	4,369
Obligations to the private sector	2,097	1,753
Obligations to Canada	nil	nil
Shareholder's Equity	nil[1]	2,585
Operations		
Revenues	236	185
Net Income	148[2]	6
Cash Flow	1	1
Received from/payments to Canada		
Budgetary	nil	nil
Loans and Investments	nil	nil
Loan Repayments	nil	nil
Dividends	35	nil

[1] The shareholder's equity was eliminated to reflect the transfer of the major operating subsidiary Petro-Canada Inc. to the Minister of State (Finance and Privatization), upon passing of Bill C-84, *The Petro-Canada Public Participation Act* in the House of Commons, December 1990. This investment in Petro-Canada, formerly Petro-Canada Inc., was formally transferred on February 1, 1991.

[2] Includes $159 million pertaining to earnings from investment in Petro-Canada (discontinued operations).

[3] As of August 29, 1991, by Order in Council, the Minister of Finance, The Honourable Don Mazankowski became the responsible minister for Petro-Canada Limited.

PORT OF QUÉBEC CORPORATION

MANDATE

To administer, manage and control the Harbour of Quebec and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Port of Québec Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. The port is an important trans-shipment point for Canadian grain exports and has recently modernized its two grain elevators which are operated under contract by a private firm.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1984; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 25(1) of the *Canada Ports Corporation Act.* (R.S.C. 1985, c. C-9)
Chairman:	Guy Boulanger	Head Office:	150 Dalhousie Street P.O. Box 2268 Quebec City, Quebec, G1K 7P7
Chief Executive Officer:	Ross Gaudreault	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Peat Marwick Thorne	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	67.8	72.1	70.3	67.9	65.9
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	56.6	68.0	66.4	63.9	61.8
Operations					
Revenues	13.8	14.6	13.5	12.4	10.4
Net Income	0.1	1.7	1.3	2.2	negl.
Cash Flow	2.2	3.8	3.3	2.5	2.9
Received from/payments to Canada					
Budgetary	nil	nil	1.4	nil	nil
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	11.4[1]	0.1	0.3	negl.	21.7[1]

[1] Includes contribution to Canada (cash recovery) of $11.3 million and a dividend of $0.1 million in 1990 and $21.7 million in 1986.
negl. = negligible

PRINCE RUPERT PORT CORPORATION

MANDATE

To administer, manage and control the Prince Rupert harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Prince Rupert Port Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Chairman:	Donald H. Seidel
Chief Executive Officer:	Terrence R. Andrew
Auditor:	Peat Marwick Thorne
Incorporation:	1984; letters patent of incorporation issued by the Minister of Transport, pursuant to subsection 25(1) of the *Canada Ports Corporation Act*. (R.S.C. 1985, c. C-9)
Head Office:	110 Third Avenue, West Prince Rupert, British Columbia, V8J 1K8
Status:	Schedule III, Part II An agent of Her Majesty
Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987 (restated)**	**1986 (restated)**
Financial Position					
Total Assets	112.0	101.1	88.7	84.2	80.7
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	67.7	54.6	48.3	48.3	76.4
Shareholder's Equity	43.5	42.4	39.2	34.8	(6.8)
Operations					
Revenues	15.2	15.4	15.9	15.6	12.0
Net Income	2.0	4.4	5.3	4.3	2.6
Cash Flow	3.9	5.1	5.9	5.5	3.7
Received from/payments to Canada					
Budgetary	nil	nil	nil	38	nil
Loans and Investments	12.7	4.5	nil	38[1]	nil
Loan Repayments	nil	nil	nil	nil[1]	1.2
Dividends	1.0	1.1	0.9	0.8	1.3[2]

[1] In 1987, a recoverable loan to Canada of $38 million was forgiven.
[2] Represents contribution to Canada (cash recovery).

ROYAL CANADIAN MINT

MANDATE

To mint coins in anticipation of profit and to carry out other related activities.

BACKGROUND

Founded in 1908 as a branch of the Mint of the United Kingdom, its operations devolved to the Crown in right of Canada in 1931. It was a departmental agency of the government until 1969 when it was incorporated by legislation. *The Act to Amend the Royal Canadian Mint Act and the Currency Act*, which came into force on December 17, 1987, authorized share capital for the corporation. In 1989, a share capital structure was created for the Mint and shares were issued to Canada. The corporation operates in a competitive international environment.

Appropriate Minister:	The Honourable Paul Dick, P.C., M.P. Minister of Supply and Services	Incorporation:	1969; by the *Royal Canadian Mint Act* (R.S.C. 1985, c. R-9)
Chairman:	James Corkery	Head Office:	320 Sussex Drive Ottawa, Ontario, K1A 0G8
Chief Executive Officer:	Maurice Lafontaine	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Supply and Services

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	107.8	101.2	121.4	127.4	116.8
Obligations to the private sector	nil	nil	nil	0.1	0.4
Obligations to Canada	13.5	16.2	84.2[1]	87.2[1]	82.8[1]
Shareholder's Equity	65.0	56.9	9.8	1.1	1.0
Operations					
Revenues	606.2	749.5	892.6	1,032.8	910.6
Net Income	10.4	7.8	8.8	20.8	9.8
Cash Flow	13.2	10.5	17.0	36.9	20.8
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	40.0	nil	nil	nil
Loan Repayments	2.7	2.7	7.7	3.0	3.1
Dividends	2.3	60.4[2]	nil	12.8[2]	nil

[1] Obligations to Canada includes net earnings accumulated prior to the amendments to the *Royal Canadian Mint Act*, (Dec 1987) totalling $60.4 million in 1988 and 1987 and $52.8 million in 1986.

[2] Represents payment of net earnings accumulated prior to the amendment of the *Royal Canadian Mint Act*, December 1987.

SAINT JOHN PORT CORPORATION

MANDATE

To administer, manage and control the Saint John harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Saint John Port Corporation was established as a parent Crown corporation on December 31, 1986, pursuant to the national ports policy to create local ports corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1986; letters patent issued by the Minister of Transport pursuant to subsection 25(1) of the *Canada Ports Corporation Act*. (R.S.C. 1985, c. C-9)
Chairman:	Harry P. Gaunce	Head Office:	133 Prince William Street P.O. Box 6429, Station A Saint John, New Brunswick, E2L 4R8
Chief Executive Officer:	Kenneth Krauter	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Ernst and Young	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	92.1	92.1	91.5	91.5	92.5
Obligations to the private sector[1]	19.7	nil	nil	nil	nil
Obligations to Canada	23.8	20.1	20.1	20.1	58.3
Shareholder's Equity	45.7	50.3	50.1	48.0	1.6
Operations					
Revenues	13.6	12.9	12.5	10.9	12.8
Net Income	0.3	0.2	2.1	(1.4)	(1.0)
Cash Flow	3.6	3.1	3.6	1.2	1.7
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	0.5	7.1
Dividends	4.9[2]	nil	nil	nil	1.0[2]

[1] Obligation is owed to the province of New Brunswick for partial financing of the construction of the Rodney Terminal Complex, Saint John.
[2] Represents contribution to Canada (cash recovery).

ST. JOHN'S PORT CORPORATION

MANDATE

To administer, manage and control the harbour of St. John's and all the works and property within the harbour under its jurisdiction.

BACKGROUND

St. John's Port Corporation was established as a parent Crown corporation on June 1, 1985, pursuant to the national ports policy to create local ports corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. In 1990, the port completed its Container Terminal Expansion Program.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1985; letters patent issued by the Minister of Transport, pursuant to subsection 25(1) of the *Canada Ports Corporation Act*. (R.S.C. 1985, c. C-9)
Chairman:	Fred Milley	Head Office:	3 Water Street P.O. Box 6178 St. John's, Newfoundland, A1C 5X8
Chief Executive Officer:	David Fox	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Doane Raymond	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	**1989**	**1988**	**1987**	**1986**
Financial Position					
Total Assets	17.3	16.5	16.9	15.6	14.4
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	2.9	3.1	3.3	2.5	1.8
Shareholder's Equity	13.5	12.7	12.3	12.2	11.9
Operations					
Revenues	3.6	3.2	2.8	2.5	2.6
Net Income	0.7	0.4	0.1	0.1	0.5
Cash Flow	1.7	1.2	0.8	0.9	1.1
Received from/payments to Canada					
Budgetary	1.3	2.1	nil	nil	nil
Loans and Investments	nil	nil	0.8	0.9	nil
Loan Repayments	0.2	0.2	nil	nil	0.1
Dividends	nil	nil	nil	0.2	1.8[1]

[1] Represents contribution to Canada (cash recovery).

ST. LAWRENCE SEAWAY AUTHORITY, THE

MANDATE

To construct, operate and maintain canals, bridges, works and other property related to the deep waterway between the Port of Montreal and Lake Erie, known as the St. Lawrence Seaway.

BACKGROUND

The St. Lawrence Seaway Authority was established in 1954 to construct and operate the Seaway in conjunction with an appropriate authority in the United States and to construct, maintain and operate bridges and other works and property incidental thereto as the Governor-in-Council may deem to be necessary. The Authority operates 13 locks and related works in Canadian territory along the waterway, as well as four high-level bridges traversing the St. Lawrence River. Two locks in the United States are operated by the St. Lawrence Seaway Development Corporation.

A wholly-owned subsidiary, the Seaway International Bridge Corporation, Ltd. was established in 1962 to manage the international bridge at Cornwall, Ontario. A second wholly-owned subsidiary, the Jacques Cartier and Champlain Bridges Incorporated was established to manage the two high-level bridges in Montreal when these were transferred from the National Harbours Board in 1978. A third wholly-owned subsidiary, Great Lakes Pilotage Authority, Ltd. is a parent Crown corporation for the purposes of the *Financial Administration Act*. The Canadian span of the Thousand Islands Bridge at Lansdowne, Ontario has been directly administered by the Authority since this property reverted to Canada in 1976.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1954; pursuant to section 3 of the *St. Lawrence Seaway Authority Act* (R.S.C. 1985, c. S-2)
Chairman and Chief Executive Officer:	Glendon R. Stewart	Head Office:	Constitution Square 14th Floor 360 Albert Street Ottawa, Ontario, K1R 7X7
		Status:	Schedule III, Part I An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial years ending March 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	593.5	600.3	604.5	603.0	652.8
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil[1]	210.0
Shareholder's Equity	566.3	573.7	576.5	576.8[1]	417.2
Operations					
Revenues	75.2	73.7	72.0	66.5	62.1
Net Income	(7.4)	(2.8)	(0.3)	(4.4)	(3.7)
Cash Flow	4.7	9.6	11.8	6.8	(1.6)
Received from/payments to Canada					
Budgetary	27.3	26.9	25.4	24.5	13.2
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Obligations to Canada were forgiven.

STANDARDS COUNCIL OF CANADA

MANDATE

To foster and promote voluntary standardization in fields relating to the construction, manufacture, production, quality, performance and safety of buildings, structures, manufactured articles and products, and other goods not expressly provided for by law, as a means of advancing the national economy, benefiting the public, protecting consumers and facilitating trade, and furthering international cooperation in relation to standards.

BACKGROUND

The Council coordinates the activities of organizations involved in standardization in Canada, and represents Canada in international standardization organizations.

Appropriate Minister:	The Honourable Pierre Blais, P.C., M.P. Minister of Consumer and Corporate Affairs and Minister of State (Agriculture)	Incorporation:	1970; by the *Standards Council of Canada Act* (R.S.C. 1985, c. S-16)
Chairman:	Georges Archer	Head Office:	Suite 1200 350 Sparks Street Ottawa, Ontario, K1N 6N7
Chief Executive Officer:	John R. Woods	Status:	Schedule III, Part I Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Consumer and Corporate Affairs

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	2.1	2.2	1.6	1.7	3.0
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	1.0	0.9	0.7	0.7	1.9
Operations					
Revenues[1]	1.6	1.5	1.1	1.0	1.2
Net Income[2]	0.1	0.2	(0.1)	(1.2)	(0.3)
Cash Flow[2]	0.3	0.4	0.1	(1.0)	(0.1)
Received from/payments to Canada					
Budgetary	6.0	7.6	6.9	6.5	6.7
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	0.9

[1] Does not include Parliamentary appropriations.
[2] Includes budgetary funding received from Canada.

TELEGLOBE CANADA

MANDATE

To establish, maintain and operate, in Canada and elsewhere, international telecommunications services for the conduct of public communications; this mandate ended on April 3, 1987 with the sale of its business.

BACKGROUND

The corporation was established as the Canadian Overseas Telecommunications in 1949 and continued as Teleglobe Canada under the *Teleglobe Canada Act* in 1975. In 1987, the operating company was transferred to a subsidiary and sold to Memotec Data Inc. following proclamation of the *Teleglobe Canada Reorganization and Divestiture Act*. The parent corporation continues to exist but is inactive. Steps are being taken for its dissolution.

Appropriate Minister:	The Honourable John McDermid, P.C., M.P., Minister of State (Finance and Privatization)	Incorporation:	1949; by the *Canadian Overseas Telecommunications Act* (R.S.C. 1985, c. T-4)
Chairman and Chief Executive Officer:	Vacant	Head Office:	Suite 2703 Scotia Plaza P.O. Box 320 Toronto, Ontario, M5X 1A4
		Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Finance

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	1989	1988	1987[1]	1986[1]
Financial Position					
Total Assets	0.3	0.3	2.9	84.8	502.4
Obligations to the private sector	nil	nil	nil	nil	57.1
Obligations to Canada	nil	nil	nil	nil	2.6
Shareholder's Equity	0.3	0.3	2.7	84.8	290.3
Operations					
Revenues	negl.	0.2	5.2	2.3	288.9
Net Income	negl.	0.1	2.9	215.0[2]	63.0
Cash Flow	negl.	0.1	2.9	1.0	96.7
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	nil
Loans and Investments	nil	nil	nil	(2.6)	(1.3)
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	2.5	85.0	440.5[3]	80.0

[1] Reflects the status of the corporation prior to privatization during 1987.
[2] Includes gain realized on privatization of $214 million.
[3] Includes $119.2 million income tax paid on profits on the sale of Teleglobe's assets and business.
negl. = negligible

VANCOUVER PORT CORPORATION

MANDATE

To administer, manage and control the Vancouver Harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Vancouver Port Corporation was established as a parent Crown corporation on July 1, 1983, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. In 1990, the corporation introduced "Port 2010", its long-range Land Management Planning Program.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1983; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 25(1) of the *Canada Ports Corporation Act*. (R.S.C. 1985, c. C-9)
Chairman:	Patrick Reid	Head Office:	2760 Granville Square 200 Granville Street Vancouver, British Columbia, V6C 1S4
Chief Executive Officer:	Captain Norman Stark	Status:	Schedule III, Part II An agent of Her Majesty
Auditor:	Peat Marwick Thorne	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	1989	1988	1987	1986
Financial Position					
Total Assets	307.9	303.4	291.7	251.5	236.9
Obligations to the private sector	nil	nil	nil	nil	nil
Obligations to Canada	3.3	3.7	3.9	4.1	80.8
Shareholder's Equity	274.2	287.8	267.6	235.5	116.2
Operations					
Revenues	68.5	62.2	58.7	50.7	83.7
Net Income	30.2	28.4	38.1	21.2	20.6
Cash Flow	38.4	36.4	35.0	27.7	25.3
Received from/payments to Canada					
Budgetary	nil	nil	nil	nil	0.5
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	0.2	0.2	0.2	0.2	0.2
Dividends	43.9[1]	8.1	6.0	5.8	23.3[1]

[1] Includes contribution to Canada (cash recovery) of $35.7 million in 1990 and $23.3 million in 1986.

VIA RAIL CANADA INC.

MANDATE

To manage and provide safe, efficient, effective and economic rail passenger service in Canada to meet the needs of the travelling public.

BACKGROUND

In accordance with contracts with the Minister of Transport, VIA Rail operates passenger train services over CN and CP railway tracks. In the April 1989 Budget the government announced reductions in planned funding for the corporation. A revised network, which was part of a new business plan that included increased fares and service reductions, was implemented on January 15, 1990.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Incorporation:	1977; under the *Canada Business Corporations Act*
Chairman:	Lawrence Hanigan	Head Office:	2 Place Ville-Marie P.O Box 8116, Station A Montreal, Quebec, H3B 2G6
Chief Executive Officer:	Ronald Lawless	Status:	Schedule III, Part I Not an agent of Her Majesty
Auditor:	Auditor General of Canada	Department:	Transport

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1990	1989	1988 (restated)	1987 (restated)	1986
Financial Position					
Total Assets	932	938	1,070	954	964
Obligations to the private sector	nil	nil	nil	negl.	4
Obligations to Canada	nil	nil	nil	nil	nil
Shareholder's Equity	663	606	839	769	743
Operations					
Revenues[1]	493	720	733	715	671
Net Income	26	(294)	(57)	6	(13)
Cash Flow	67	(163)	(4)	99	4
Received from/payments to Canada					
Budgetary	382	532	637	536	506
Loans and Investments	nil	nil	nil	nil	nil
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes budgetary funding as contract revenues.
negl. = negligible

4. Listings of Crown Corporations and their Investments

4.1 Statistical Summary of Crown Corporations and their Investments

	1991	1990
Crown Corporations		
• Parent Crown corporations	58	53
• Wholly-owned subsidiaries	118	112
TOTAL	176	165

	1991	1990
Crown Corporations' Investments (direct and indirect)		
• Subsidiaries held at 50% or more but less than 100%	27	27
• Associates held at less than 50%	85	103
TOTAL	112	130

4.2 Listings of Parent Crown Corporations[1] with their Wholly-Owned Subsidiaries, Other Subsidiaries and Associates (as at their financial year-ends on or before July 31, 1991)

1. Atlantic Pilotage Authority (III-I)
2. Atomic Energy of Canada Limited (III-I)
3. Bank of Canada (Exempted)
4. Canada Council (Exempted)
5. Canada Deposit Insurance Corporation (III-I)
6. Canada Development Investment Corporation (III-II)
    - Subsidiaries held at 100%
        - Canada Eldor Inc. — and its Associate/Subsidiaries
            - Cameco — A Canadian Mining & Energy Corporation (38.5%)[2]
            - Eldorado Aviation Limited[3]
            - Eldorado Nuclear (1989) Limited[3]
            - Eldorado Resources Limited[3]
        - Cartierville Financial Corporation Inc.
        - Nordion International Inc. - and its Associate/Subsidiary
            - CyberFluor Inc. (46.4%)
            - Nordion Europe S.A.
        - Theratronics International Limited - and its Subsidiary
            - Medical High Technology Inc. (51%)— and its Subsidiary
                - Meicor Inc. (65%)
    - Subsidiaries held at 50-99%
        - Ginn Publishing Canada Inc. (51%)— and its Subsidiaries
            - GLC Publishers Limited
            - GPCL (Canada) Limited
    - Associates held at less than 50%
        - Varity Corporation (1.8%)
7. Canada Harbour Place Corporation (III-I)[4]
8. Canada Lands Company Limited (III-I)
    - Subsidiaries held at 100%
        - Canada Lands Company (Mirabel) Limited[3]
        - Canada Lands Company (Vieux-Port de Québec) Inc.
        - Old Port of Montreal Corporation Inc.
9. Canada Mortgage and Housing Corporation (III-I)
10. Canada Museums Construction Corporation Inc. (III-I)[4]
11. Canada Ports Corporation (III-II)
    - Subsidiary held at 50-99%
        - Ridley Terminals Inc.[5] (90%)
12. Canada Post Corporation (III-II)
    - Subsidiary held at 100%
        - Canada Post Systems Management Ltd.
    - Associates held at less than 50%
        - Cooperative Vereniging International Post Corporation U.A. (6.8%)— and its Subsidiaries
            - EMS International Post Corporation S.A. (96%)
            - International Post Corporation S.A. (Unipost) (4%)

13. Canadian Broadcasting Corporation (Exempted)
    - Associates held at less than 50%
        - Cable North Microwave Limited (1 share)
        - Master FM Limited (20%)
        - Visnews Limited (1 share)
14. Canadian Commercial Corporation (III-I)
15. Canadian Dairy Commission (III-I)
16. Canadian Film Development Corporation (Exempted)
17. Canadian Institute for International Peace and Security (Exempted)
18. Canadian Livestock Feed Board (III-I)[4]
19. Canadian Museum of Civilization (III-I)
20. Canadian Museum of Nature (III-I)
21. Canadian National Railway Company (III-II)
    - Subsidiaries held at 100%
        - Autoport Limited
        - The Canada and Gulf Terminal Railway Company
        - Canadian National Express Company
        - The Canadian National Railways Securities Trust
        - Canadian National Steamship Company, Limited
        - Canadian National Telegraph Company — and its Subsidiary
            - The Great North Western Telegraph Company of Canada (94.54%)
        - Canadian National Transfer Company Limited
        - Canadian National Transportation, Limited — and its Subsidiaries
            - Chapman Transport Limited
            - Empire Freightways Limited
            - Royal Transportation Limited
        - Canat Limited
        - CN (France) S.A.
        - CNM Inc. — and its Subsidiary/Associates
            - Halifax Industries (Holdings) Limited (33.3%)
            - Lakespan Marine Inc. (50%)
            - Seabase Limited (15%)
        - CN Tower Limited
        - CN Transactions Inc. — and its Subsidiaries
            - Canac International Inc. — and its Subsidiary
                - Canac International Ltd.
            - Canaprev Inc. (50%)
            - Canaven Limited
            - CN Exploration Inc.
            - Portage & Main Development Ltd. (50%)
            - The Toronto Terminals Railway Company (50%)
        - EID Electronic Identification Systems Ltd.

21. Canadian National Railway Company (III-II) — Concluded
    - Subsidiaries held at 100% — Concluded
        - Grand Trunk Corporation — and its Subsidiaries
            - Central Vermont Railway, Inc.
            - Domestic Four Leasing Corporation
            - Domestic Two Leasing Corporation — and its Subsidiary
                - Relco Financial Corp.
            - Duluth, Winnipeg and Pacific Railway Company
            - Grand Trunk Land Development Corporation
            - Grand Trunk Radio Communications, Inc.
            - Grand Trunk Western Railroad Company — and its Subsidiary/Associates
                - The Belt Railway Company of Chicago (8.33%)
                - Chicago and Western Indiana Railroad Company (20%)
                - Domestic Three Leasing Corporation
                - Trailer Train Company (2.6%)
        - The Minnesota and Manitoba Railroad Company
        - The Minnesota and Ontario Bridge Company
        - Mount Royal Tunnel and Terminal Company, Limited
        - 17335 Canada Inc.
    - Subsidiaries held at 50-99%
        - The Canada Southern Railway Company (50%)
        - The Canadian Northern Quebec Railway Company (59.7%)
        - Detroit River Tunnel Company (50%)
        - The Northern Consolidated Holding Company Limited (71.9%)
        - The Public Markets, Limited (50%)
        - The Quebec and Lake St. John Railway Company (89.1%)
        - Shawinigan Terminal Railway Company (50%)
    - Associates held at less than 50%
        - Compagnie de gestion de Matane Inc. (49%)
        - Corporation de Chauffage Urbain de Montréal (30%)
        - Dome Consortium Investments Inc. (6.7%)
        - Eurocanadian Shipholdings Limited (18%)
        - Fort Point Holdings Ltd. (25%)
        - Halterm Limited (33.33%)
        - Railroad Association Insurance, Ltd. (7.5%)
        - Telesat Canada (3.7%)
22. Canadian National (West Indies) Steamships, Ltd. (III-I)[4]
23. Canadian Patents and Development Limited (III-I)[4]
24. Canadian Saltfish Corporation (III-I)
25. Canadian Wheat Board, The (Exempted)
26. Cape Breton Development Corporation (III-I)
    - Subsidiary held at 100%
        - Cape Breton Carbofuels Limited[3]
27. Defence Construction (1951) Limited (III-I)
28. Enterprise Cape Breton Corporation (III-I)
    - Subsidiaries held at 100%
        - Cape Breton Marine Farming Limited[3]
        - Darr (Cape Breton) Limited
        - Dundee Estates Limited[3]

28. Enterprise Cape Breton Corporation (III-I)—Concluded
    Subsidiaries held at 50-99%
        Whale Cove Summer Village Limited (62.5%)
    Associates held at less than 50%
        Barklay Systems Limited[6]
        Canadian Tennis Technology Limited
        Cape Breton Wallcovering Limited[6]
        General Mining Building Limited
        Nova Aqua Limited Partnership[6]
        Nova Scotia Clam Limited[6]
29. Export Development Corporation (III-I)
30. Farm Credit Corporation (III-I)
31. Federal Business Development Bank (III-I)
32. Freshwater Fish Marketing Corporation (III-I)
33. Great Lakes Pilotage Authority, Ltd. (III-I)
34. Halifax Port Corporation (III-II)
35. Harbourfront Corporation (III-I)[4]
    Subsidiaries held at 100%
        Peter Street Basin Properties Inc.
        630370 Ontario Ltd.
36. International Centre for Ocean Development (III-I)
37. International Development Research Centre (Exempted)
38. Laurentian Pilotage Authority (III-I)
39. Marine Atlantic Inc. (III-I)
    Subsidiaries held at 100%
        Coastal Transport Ltd.
        Newfoundland Dockyard Company
40. Mingan Associates Ltd. (III-I)[3]
41. Montreal Port Corporation (III-II)
42. National Arts Centre Corporation (Exempted)
43. National Capital Commission (III-I)
44. National Gallery of Canada (III-I)
45. National Museum of Science and Technology (III-I)
46. Pacific Pilotage Authority (III-I)
47. Petro-Canada (III-II)[7]
    Subsidiaries held at 100%
        Amauligak Exploration Inc.
        Arctic Pilot Project Inc.
        Asher American Inc.
        Bent Horn Development Inc.
        Blake and Son (1979) Ltd.
        BP Marketing Canada Limited
        Canadian Petroleum Studies Inc.
        Chancellor Holdings Corporation, The — and its Subsidiary
            ICG Propane Inc.
        Chatelaine Restaurants Limited
        Commodore Oils Limited
        Dépanneurs Le Frigo Ltée.

47. Petro-Canada (III-II) — Continued

Subsidiaries held at 100% — Continued

Fifth Pacific Stations Ltd.
First Pacific Stations Ltd.
Fourth Pacific Stations Ltd.
Frontier Insurance Ltd.
Fundy Energy Inc.
GMI Co. (Bahamas) Limited
Independent Fuels & Lumber Ltd.[8]
Morrow Fuel Oil Sales Ltd.
Northwest Terminals Ltd.
Pacific Petroleums Ltd.[8]
Pacific Pipelines, Inc.
Petro-Canada Altamont Inc.
Petro-Canada (Argentina) Inc.
Petro-Canada Chemicals Inc.
Petro-Canada (Columbia) Inc.
Petro-Canada Consulting Corporation
Petro-Canada (Ecuador) Inc.
Petro-Canada Enterprises Inc.
Petro-Canada (Hibernia) Inc.
Petro-Canada Hydrocarbons Inc.
Petro-Canada (Indonesia) Inc.
Petro-Canada (Malaysia) Inc.
Petro-Canada (Myanmar) Inc.
Petro-Canada (North Africa) Inc.
Petro-Canada Oil & Gas Inc.
Petro-Canada (Pakistan) Inc.
Petro-Canada Petroleum Inc.[8]
Petro-Canada (U.K.) Limited
Petro-Canada (Vietnam) Inc.
Petro-Canada (Yemen) Inc.
Petro-Canada Youth Inc.
Petroleum Transmission Company
Prairie Leaseholds Ltd.
Rocair Limited
Second Pacific Stations Ltd.
Sedpex Inc.
Servico Limited
St. Laurent Petroleum Inc.
Third Pacific Stations Ltd.
Wayfare Restaurants Limited
Xychem Inc.
106616 Canada Inc.
146923 Canada Ltd.
146924 Canada Ltd.
158226 Canada Inc.
173116 Canada Limited

47. Petro-Canada (III-II) — and its Subsidiaries/Associates — Continued

Subsidiaries held at 100% — Concluded

398559 Alberta Ltd.

1283-9304 Quebec Inc.

Subsidiaries held at 50-99%

Canstar Oil Sands Ltd. (50%)

Harvey's Oil Limited (50%)

Les Huiles Du Royaume Inc. (50%)

Marchand Petroleum (Canada) Inc. (50%)

Panarctic Oils Ltd. (52.73%)

Petro-Canada Centre Inc. (50%)

Petro-Partners (60%)

West Nova Fuels Limited (50%)

288564 Alberta Ltd. (50%)

Associates held at less than 50%

Alberta Envirofuels Inc. (33%)

Alberta Products Pipeline Ltd. (35%)

Downhole Systems Technology Canada Inc. (18.31%)

Hibernia Management & Development Company Ltd. (25%)

International de Services Industriels et Scientifique, S.A. (27%)

Joseph Elie Ltée. (49.9%)

Kenmac Energy Inc. (49%)

Les Huiles Desroches Inc. (45%)

Les Huiles Lamontagne Inc. (49%)

Les Huiles Town & Country Inc. (49%)

Les Pétroles Saint-Jean-Sur Richelieu Inc. (49%)

Les Pétroles Sherbrooke Inc. (47%)

Les Pétroles Vosco (Canada) Ltée (49%)

MacGillvray Fuels Limited (49%)

Montreal Pipeline Limited (23.8%)

Northward Development Ltd. (17%)

Pacific Northern Gas Ltd. (18%)

Peace Pipeline Ltd. (10.89%)

Petro-Canada Centre Finance Inc. (33%)

Pétrole Chaleurs (1987) Inc. (49%)

Pétro Sud-Ouest Inc. (49%)

Pétrole De La Maurice (Canada) Inc. (49.99%)

Pétroles M. Miron Inc. (49.9%)

Redwater Water Disposal Co. Ltd. (21.36%)

Sulconam Inc. (7.6%)

Sydco Fuels Inc. (49.99%)

Syncrude Canada Ltd. (17%)

TransNorthern Pipeline Ltd. (33.3%)

Westcoast Energy Inc.[9] (36.5%) — and its Subsidiaries/Associates

Foothills Pipe Lines Ltd. (50%) — and its Subsidiaries

Foothills Engineering Ltd.

Foothills Pipe Lines (Alta.) Ltd. (51%)

Foothills Pipe Lines (North B.C.) Ltd. (51%)

47. Petro-Canada (III-II) — and its Subsidiaries/Associates — Concluded
    - Associates held at less than 50% — Concluded
        - Westcoast Energy Inc.[9] (36.5%) — and its Subsidiaries/Associates — Concluded
            - Foothills Pipe Lines Ltd. (50%) — and its Subsidiaries — Concluded
                - Foothills Pipe Lines (North Yukon) Ltd.
                - Foothills Pipe Lines (Sask.) Ltd. (51%)
                - Foothills Pipe Lines (South B.C.) Ltd. (51%)
                - Foothills Pipe Lines (South Yukon) Ltd.
            - Pacific Northern Gas Ltd. (43%) — and its Subsidiary
                - PNG Marketing Ltd.
            - Saratoga Processing Company Limited (25%)
            - Vancal Properties Ltd.
            - W.T. Investments Inc.
            - Westcoast Energy Marketing Ltd.
            - Westcoast Energy Pipelines Limited — and its Subsidiary
                - Pacific Coast Energy Corporation (50%)
            - Westcoast Gas Inc.
            - Westcoast Petroleum Ltd. — and its Subsidiaries
                - Canadian Roxy Petroleum Ltd. (82.3%)
                - Dover Petroleum Company
                - Westcoast Resources Inc.
                - Westcoast Production Co. (Africa) Ltd.
                - 292643 B.C. Ltd.
            - Westcoast Transmission Company, Inc.
            - Westcoast Transmission Company Limited
            - Westcoast Transmission Company (Alberta) Ltd.
48. Petro-Canada Limited (III-II)
    - Subsidiaries held at 100%
        - Petro-Canada International Assistance Corporation
49. Port of Quebec Corporation (III-II)
50. Prince Rupert Port Corporation (III-II)
51. Royal Canadian Mint (III-II)
52. Saint John Port Corporation (III-II)
53. St. John's Port Corporation (III-II)
54. St. Lawrence Seaway Authority, The (III-I)
    - Subsidiaries held at 100%
        - Great Lakes Pilotage Authority, Ltd.[10]
        - The Jacques Cartier and Champlain Bridges Incorporated
        - The Seaway International Bridge Corporation, Ltd.
55. Standards Council of Canada (III-I)
56. Teleglobe Canada (III-II)[3]
57. Vancouver Port Corporation (III-II)
58. VIA Rail Canada Inc. (III-I)
    - Associate held at less than 50%
        - Railroad Association Insurance, Ltd. (4%)

Notes to Listings of Parent Crown Corporations and their Corporate Holdings

1. For corporations scheduled in the *Financial Administration Act* (FAA), the relevant schedule is shown in parentheses immediately following the corporation's name. Under the *FAA*, a subsidiary is a Crown corporation if it is wholly-owned directly or indirectly by one or more parent Crown corporation.

2. At the corporation's (CDIC) year-end, Canada Eldor Inc. owned 38.5% of Cameco. Subsequent to the initial public offering in July, 1991, it owns 30.8% of Cameco.

3. Inactive corporations.

4. Bill C-8, currently in Parliament, will provide for a change in status for these six corporations.

5. Canada Ports Corporation became the registered owner of all Ridley Terminals Inc. shares on July 30, 1991.

6. Only non-voting preferred shares are held.

7. Listing is as at March 31, 1991.

8. These subsidiaries are inactive and steps are being taken to dissolve them.

9. Updated information on subsidiaries was not available at time of printing. The information presented is as at December 31, 1989.

10. Not included in Statistical Summary of wholly-owned subsidiaries. Scheduled as a parent Crown corporation pursuant to *The Pilotage Act*.

4.3 Changes to the Listings During the Year

1. Canada Development Investment Corporation	
Subsidiaries held at 100%	
Canada Eldor Inc.	
Eldorado Aviation Limited	Added
Eldorado Nuclear (1989) Limited	Added
Eldorado Resources Limited	Added
Nordion International Inc.	
Nordion Europe s.a.	Added
Subsidiaries held at 50-99%	
Ginn Publishing Canada Inc. (51%)	
GLC Publishers Limited	Added
GPCL (Canada) Limited	Added
Theratronics International Limited	
Medical High Technology Inc. (51%)	Added
Meicor Inc. (65%)	Added
Associates held at less than 50%	
Nordion International Inc.	
CyberFluor Inc. (46.4%)	Added
2. Canada Post Corporation	
Subsidiary held at 100%	
Canada Post Systems Management Ltd.	Added
Associates held at less than 50%	
Cooperative Vereniging International Post Corporation U.A. (6.8%)— and its Subsidiaries	
EMS International Post Corporation S.A. (96%)	Added
International Post Corporation S.A. (Unipost) (4%)	Added
3. Canadian Museum of Civilization	Added
4. Canadian Museum of Nature	Added
5. Canadian National Railway Corporation	
Subsidiaries held at 100%	
17335 Canada Inc.	Added
Associates held at less than 50%	
Corporation de Chauffage Urbain de Montréal (30%)	Added
6. Enterprise Cape Breton Corporation	
Associates held at less than 50%	
Cape Breton Wallcoverings Limited	Added
Haak Conveyor & Manufacturing Limited	Deleted
7. Harbourfront Corporation	
Subsidiaries held at 50-99%	
Art Gallery at Harbourfront	Deleted
International Readings at Harbourfront	Deleted
School-By-The Water	Deleted
8. National Gallery of Canada	Added
9. National Museum of Science and Technology	Added

10. Petro-Canada (formerly Petro-Canada Inc.)[1]	Added
Subsidiaries held at 100%	
The Chancellor Holdings Corporation	Added
ICG Propane Inc.	Added
Ducharme et Carbone (1981) Inc.	Deleted
Frontier Insurance Ltd.	Added
Fundy Energy Inc.	Added
Opal Oils Ltd.	Deleted
Petro-Canada Altamont Inc.	Added
Petro-Canada (Barito) Inc.	Deleted
Petro-Canada (Columbia) Inc.	Added
Petro-Canada (Ecuador) Inc.	Added
Petro-Canada Espanola, S.A.	Deleted
Petro-Canada (Hibernia) Inc.	Added
Petro-Canada (P.D.R.Y.) Inc.	Deleted
Petro-Canada Marketing Petroleum Inc.	Deleted
Petro-Canada (South America) Inc.	Deleted
Petro-Canada (Thailand) Inc.	Deleted
Petro-Canada (Yemen) Inc.	Added
Sedpex Inc.	Added
103912 Canada Inc.	Deleted
106621 Canada Inc.	Deleted
173116 Canada Limited	Added
398559 Alberta Ltd.	Added
Subsidiaries held at 50-99%	
Harvey's Oil Limited (50%)	Added
Petro-Partners (60%)	Added
Petro-Canada Centre Finance Inc.	Deleted
Sedpex Inc. (50%)	Deleted
Associates held at less than 50%	
Alberta Envirofuels (33%)	Added
Carnduff Gas Limited	Deleted
Cheyenne Petroleum Corp. (NPL)	Deleted
Cynthia Gas Gathering Company Limited	Deleted
Dreco Energy Services Ltd.	Deleted
Fundy Energy Inc. (49%)	Deleted
East Coast Spill Response Inc.	Deleted
Harvey's Oil Limited	Deleted
House of Brougham Limited	Deleted
Joseph Elie Ltée. (49.9%)	Added
Jiffy Lube Inc. (49%)	Deleted
Kanata Hotels International Inc.	Deleted
Manhattan Continental Dev. Corp.	Deleted
Marc Dufresne (1981) Inc.	Deleted
Northwood Pulp and Timber Limited	Deleted
Oil Spill Response Limited	Deleted
Pacific Energy Resources Ltd.	Deleted
Petro-Canada Centre Finance Inc.	Added

10. Petro-Canada (formerly Petro-Canada Inc.)[1]—Concluded	
Associates held at less than 50%—Concluded	
Petrogas Processing Ltd. (11.35%)	Deleted
Polar Gas Engineering Services Ltd.	Deleted
Rimbey Pipe Line Co. Ltd.	Deleted
Sultran Ltd.	Deleted
Toronto Credits Limited	Deleted
Touchom Inc. (45%)	Deleted
Trans Canada Resources Ltd.	Deleted
Wardean Drilling Co. Limited	Deleted
128963 Canada Inc. (49%)	Deleted
204383 Enterprises Inc.	Deleted
346877 Ontario Limited	Deleted
11. Petro-Canada Limited (formerly Petro-Canada)	
Subsidiaries held at 100%	
Canertech Inc.	Deleted
Petro-Canada Inc.	Deleted

Note to Changes to the Listings during the Year

1. Petro-Canada Inc., now renamed Petro-Canada, was temporarily reorganized into a parent Crown corporation from its previous status as a wholly-owned subsidiary.

PART II

TABLINGS IN PARLIAMENT: SUMMARIES AND ANNUAL REPORTS FOR PARENT CROWN CORPORATIONS

PART II

TABLINGS IN PARLIAMENT: SUMMARIES AND ANNUAL REPORTS FOR PARENT CROWN CORPORATIONS

Introduction

Part II of this report provides a record of the tablings of Crown corporation documents by appropriate Ministers for the twelve-month period ending July 31, 1991. It lists the summaries and annual reports for Crown corporations that were to be tabled, with the deadlines for tabling as well as the dates that the documents actually were tabled.

The provision of adequate and timely information to Parliament is a major objective of the control and accountability régime established for Crown corporations in 1984. To meet that objective, Ministers responsible for Crown corporations table a Corporate Plan Summary, a Capital Budget Summary and an Annual Report in Parliament for each Crown corporation listed under Part I and Part II of Schedule III of the *Financial Administration Act*. In addition, an Operating Budget Summary is tabled for Crown corporations listed in Part I of Schedule III.

The purpose of the Corporate Plan and Budget Summaries is to inform parliamentarians of the major strategic and financial elements contained in each Crown corporation's five-year approved Corporate Plan and Budget(s). The summaries are based on the approved Corporate Plan and Budgets and cover all the businesses, activities and investments of a corporation and of its wholly-owned subsidiaries including the major business decisions with respect to its future operations. The corporation's Annual Report informs Parliament of a corporation's performance relative to the objectives, strategies and activities approved by the government and tabled in the previous Corporate Plan and Budget Summaries.

The deadlines for the tabling of a Corporate Plan Summary or a Budget Summary by a Minister are contingent upon the approval date, by Governor-in-Council or Treasury Board, of the actual Corporate Plan or Budget. For Annual Reports, each Crown corporation is required to submit and annual report to the appropriate Minister within three months from the end of its financial year, and the tabling deadline is contingent upon when it was received by the Minister. The prescribed deadlines are:

> *Corporate Plan Summary:* 30 sitting days after approval of the Corporate Plan by Governor-in-Council. Budget Summaries have the same deadline when the Budget(s) are included with the Corporate Plan approval. Summaries of amended corporate plans have this same deadline.
>
> *Capital and Operating Budget Summaries:* 30 sitting days after Treasury Board approval of the Budgets. Summaries of amended budgets have this same deadline.
>
> *Annual Reports:* 15 sitting days after receipt by the appropriate Minister, not to exceed three months plus 15 sitting days.

The record of tablings of summaries and annual reports for the twelve-month period ending July 31, 1991 is shown in the following table which: a) provides information concerning those documents that were due to be tabled during the current reporting period, and b) lists those documents that were due to be tabled in a previous reporting period and were actually tabled during the current one.

This report is in accordance with Section 152(1) of the *Financial Administration Act* and pursuant to Bill C-91, *An Act to amend the Financial Administration Act and other Acts in consequence thereof* which received Royal Assent on May 8, 1991. Previously, this information had been required on a quarterly basis.

TABLINGS IN PARLIAMENT

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
a) Due during the twelve months ending July 31,1991.				
ATLANTIC PILOTAGE AUTHORITY				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.18	91.03.25
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.18	91.03.25
1991 Operating Budget Summary	91.03.27	91.05.14	91.03.18	91.03.25
1990 Annual Report	91.05.24	91.05.30	91.04.11	91.04.15
ATOMIC ENERGY OF CANADA LIMITED				
1990/91-1994/95 Corporate Plan Summary	90.11.05	90.12.20	90.11.05	90.11.07
1990/91 Capital Budget Summary	90.11.05	90.12.20	90.11.05	90.11.07
1990/91 Operating Budget Summary	90.11.05	90.12.20	90.11.05	90.11.07
1989/90 Annual Report	90.10.10	90.10.29	90.06.27	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.06.17	3rd Qtr	91.05.23	91.05.28
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.05.23	91.05.28
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.05.23	91.05.28
1990/91 Annual Report	3rd Qtr	3rd Qtr		
CANADA DEPOSIT INSURANCE CORPORATION				
1991-95 Corporate Plan Summary	91.03.21	91.04.15	91.03.14	91.03.25
1991 Capital Budget Summary	91.03.21	91.04.15	91.03.14	91.03.25
1991 Operating Budget Summary	91.03.21	91.04.15	91.03.14	91.03.25
1990 Annual Report	91.05.24	91.05.30	91.04.11	91.04.15
CANADA DEVELOPMENT INVESTMENT CORPORATION				
1991-95 Corporate Plan Summary	91.03.21	91.04.15	91.05.30	91.06.11
1991 Capital Budget Summary	91.03.21	91.04.15	91.05.30	91.06.11
1990 Annual Report	91.06.17	3rd Qtr	91.06.10	91.06.11
CANADA HARBOUR PLACE CORPORATION[1]				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary[2]				
1991/92 Capital Budget Summary	91.06.11	3rd Qtr	91.06.06	91.06.11
1991/92 Operating Budget Summary	91.06.11	3rd Qtr	91.06.06	91.06.11
1990/91 Annual Report	3rd Qtr	3rd Qtr		

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
CANADA LANDS COMPANY LIMITED				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.06.17	3rd Qtr	91.05.30	91.06.11
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.05.30	91.06.11
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.05.30	91.06.11
1990/91 Annual Report	3rd Qtr	3rd Qtr		
CANADA LANDS COMPANY (MIRABEL) LIMITED(3)				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
CANADA MORTGAGE AND HOUSING CORPORATION				
1991-95 Corporate Plan Summary	91.03.21	91.04.15	91.03.11	91.03.25
1991 Capital Budget Summary	91.03.21	91.04.15	91.03.11	91.03.25
1991 Operating Budget Summary	91.03.21	91.04.15	91.03.11	91.03.25
- Amendment 1	91.05.13	91.06.18		
1990 Annual Report	91.05.24	91.05.30	91.04.10	91.04.15
CANADA MUSEUMS CONSTRUCTION CORPORATION INC.(1)				
1990/91-1994/95 Corporate Plan Summary - Amendment 1(4)	91.05.27	3rd Qtr	91.05.30	91.06.11
1990/91 Capital Budget Summary - Amendment 1	91.05.27	3rd Qtr	91.05.30	91.06.11
1990/91 Operating Budget Summary - Amendment 1	91.05.27	3rd Qtr	91.05.30	91.06.11
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.06.17	3rd Qtr	91.05.30	91.06.11
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.05.30	91.06.11
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.05.30	91.06.11
1990/91 Annual Report	3rd Qtr	3rd Qtr		
CANADA PORTS CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.26	91.03.27
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.26	91.03.27
1990 Annual Report(5)	91.05.31	91.06.18	91.05.24	91.05.28
CANADA POST CORPORATION				
1990/91-1994/95 Corporate Plan Summary - Amendment 1	90.12.07	91.01.22	91.03.04	91.03.05
1989/90 Annual Report	90.10.09	90.10.26	90.06.18	90.06.19
1991/92-1995/96 Corporate Plan Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Annual Report	3rd Qtr	3rd Qtr	91.06.18	91.06.19

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
CANADIAN COMMERCIAL CORPORATION				
1989/90 Annual Report	90.10.15	90.11.06	90.06.19	90.06.26
1991/92-1995/96 Corporate Plan Summary	91.06.11	3rd Qtr	91.06.03	91.06.11
1991/92 Capital Budget Summary	91.06.11	3rd Qtr	91.06.03	91.06.11
1991/92 Operating Budget Summary	91.06.11	3rd Qtr	91.06.03	91.06.11
1990/91 Annual Report	3rd Qtr	3rd Qtr	91.06.19	91.06.21
CANADIAN DAIRY COMMISSION				
1990/91-1994/95 Corporate Plan Summary(6)	90.11.05	90.12.20	90.11.20	90.11.22
1990/91 Capital Budget Summary(6)	90.11.05	90.12.20	90.11.20	90.11.22
1990/91 Operating Budget Summary(6)	90.11.05	90.12.20	90.11.20	90.11.22
1989/90 Annual Report	90.12.11	91.01.22	90.11.28	90.11.29
1991/92-1995/96 Corporate Plan Summary	3rd Qtr	3rd Qtr		
1991/92 Capital Budget Summary	3rd Qtr	3rd Qtr		
1991/92 Operating Budget Summary	3rd Qtr	3rd Qtr		
1990/91 Annual Report	4th Qtr	4th Qtr		
CANADIAN LIVESTOCK FEED BOARD(1)				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.05.27	3rd Qtr	91.05.21	91.05.22
1991/92 Capital Budget Summary	91.05.27	3rd Qtr	91.05.21	91.05.22
1991/92 Operating Budget Summary	91.05.27	3rd Qtr	91.05.21	91.05.22
1990/91 Annual Report	3rd Qtr	3rd Qtr		
CANADIAN MUSEUM OF CIVILIZATION(7)				
1990/91-1995/96 Corporate Plan Summary(8)	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Capital Budget Summary(8)	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Operating Budget Summary(8)	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Annual Report	3rd Qtr	3rd Qtr		
CANADIAN MUSEUM OF NATURE(7)				
1990/91-1995/96 Corporate Plan Summary(9)	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Capital Budget Summary(9)	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Operating Budget Summary(9)	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Annual Report	3rd Qtr	3rd Qtr		
CANADIAN NATIONAL RAILWAY COMPANY				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.25	91.03.26
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.25	91.03.26
1990 Annual Report	91.05.24	91.05.30	91.04.12	91.04.15

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LTD.[10]				
1991-95 Corporate Plan Summary	91.05.08	91.06.12	91.02.25	91.02.26
1991 Capital Budget Summary	91.05.08	91.06.12	91.02.25	91.02.26
1991 Operating Budget Summary	91.05.08	91.06.12	91.02.25	91.02.26
1990 Annual Report	91.05.24	91.05.30	91.05.16	91.05.21
CANADIAN PATENTS AND DEVELOPMENT LIMITED[1]				
1989/90 Annual Report	90.10.15	90.11.06	90.06.20	90.06.26
1991/92-1995/96 Corporate Plan Summary[11]				
1991/92 Capital Budget Summary[11]				
1991/92 Operating Budget Summary[11]				
1990/91 Annual Report	3rd Qtr	3rd Qtr		
CANADIAN SALTFISH CORPORATION				
1990/91-1994/95 Corporate Plan Summary	90.11.05	90.12.20	90.12.14	90.12.17
1990/91 Capital Budget Summary	90.11.05	90.12.20	90.12.14	90.12.17
1990/91 Operating Budget Summary	90.11.05	90.12.20	90.12.14	90.12.17
1989/90 Annual Report	90.10.19	90.11.06	90.12.14	90.12.17
1991/92-1995/96 Corporate Plan Summary	3rd Qtr	3rd Qtr		
1991/92 Capital Budget Summary	3rd Qtr	3rd Qtr		
1991/92 Operating Budget Summary	3rd Qtr	3rd Qtr		
1990/91 Annual Report	3rd Qtr	3rd Qtr		
CAPE BRETON DEVELOPMENT CORPORATION				
1989/90 Annual Report	90.10.11	90.10.29	90.10.18	90.10.19
1991/92-1995/96 Corporate Plan Summary	3rd Qtr	3rd Qtr		
1991/92 Capital Budget Summary	3rd Qtr	3rd Qtr		
1991/92 Operating Budget Summary	3rd Qtr	3rd Qtr		
1990/91 Annual Report	3rd Qtr	3rd Qtr		
DEFENCE CONSTRUCTION (1951) LIMITED				
1989/90 Annual Report	90.10.30	90.11.20	90.10.10	90.10.12
1991/92-1995/96 Corporate Plan Summary[12]	91.05.27	3rd Qtr	91.03.20	91.03.25
1991/92 Capital Budget Summary[12]	91.05.27	3rd Qtr	91.03.20	91.03.25
1991/92 Operating Budget Summary[12]	91.05.27	3rd Qtr	91.03.20	91.03.25
1990/91 Annual Report	3rd Qtr	3rd Qtr		
ENTERPRISE CAPE BRETON CORPORATION				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.06.11	3rd Qtr		
1991/92 Capital Budget Summary	91.06.11	3rd Qtr		
1991/92 Operating Budget Summary	91.06.11	3rd Qtr		
1990/91 Annual Report	3rd Qtr	3rd Qtr		

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
EXPORT DEVELOPMENT CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.27	91.04.09
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.27	91.04.09
1991 Operating Budget Summary	91.03.27	91.05.14	91.03.27	91.04.09
1990 Annual Report	91.06.14	3rd Qtr	91.05.27	91.05.28
FARM CREDIT CORPORATION				
1989/90 Annual Report	90.10.15	90.11.06	90.06.19	90.06.26
1991/92-1995/96 Corporate Plan Summary	91.06.17	3rd Qtr	91.06.06	91.06.11
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.06.06	91.06.11
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.06.06	91.06.11
1990/91 Annual Report	3rd Qtr	3rd Qtr	91.06.19	91.06.21
FEDERAL BUSINESS DEVELOPMENT BANK				
1989/90 Annual Report	90.10.15	90.11.06	90.06.18	90.06.19
1991/92-1995/96 Corporate Plan Summary	91.06.17	3rd Qtr	91.05.31	91.06.11
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.05.31	91.06.11
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.05.31	91.06.11
1990/91 Annual Report	3rd Qtr	3rd Qtr	91.06.17	91.06.18
FRESHWATER FISH MARKETING CORPORATION				
1989/90 Annual Report	90.10.15	90.11.06	90.10.10	90.10.12
1991/92-1995/96 Corporate Plan Summary	3rd Qtr	3rd Qtr	91.06.13	91.06.17
1991/92 Capital Budget Summary	3rd Qtr	3rd Qtr	91.06.13	91.06.17
1991/92 Operating Budget Summary	3rd Qtr	3rd Qtr	91.06.13	91.06.17
1990/91 Annual Report	3rd Qtr	3rd Qtr		
GREAT LAKES PILOTAGE AUTHORITY, LTD.				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.18	91.03.25
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.18	91.03.25
1991 Operating Budget Summary	91.03.27	91.05.14	91.03.18	91.03.25
1990 Annual Report	91.05.24	91.05.30	91.04.11	91.04.15
HALIFAX PORT CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.26	91.03.27
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.26	91.03.27
1990 Annual Report(5)	91.05.31	91.06.18	91.05.24	91.05.28

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
HARBOURFRONT CORPORATION[1]				
1990/91-1994/95 Corporate Plan Summary[13]	91.05.13	91.06.18	91.05.16	91.05.21
1990/91 Capital Budget Summary				
- Amendment 2	91.05.13	91.06.18	91.05.16	91.05.21
- Amendment 1	90.11.05	90.12.20		
1990/91 Operating Budget Summary				
- Amendment 1	91.05.13	91.06.18	91.05.16	91.05.21
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.05.13	91.06.18	91.05.16	91.05.21
1991/92 Capital Budget Summary	91.05.13	91.06.18	91.05.16	91.05.21
1991/92 Operating Budget Summary	91.05.13	91.06.18	91.05.16	91.05.21
1990/91 Annual Report	3rd Qtr	3rd Qtr		
INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.06.11	3rd Qtr		
1991/92 Capital Budget Summary[14]				
1991/92 Operating Budget Summary	91.06.11	3rd Qtr		
1990/91 Annual Report	3rd Qtr	3rd Qtr		
LAURENTIAN PILOTAGE AUTHORITY				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.18	91.03.25
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.18	91.03.25
1991 Operating Budget Summary	91.03.27	91.05.14	91.03.18	91.03.25
1990 Annual Report	91.05.24	91.05.30	91.04.11	91.04.15
MARINE ATLANTIC INC.				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.21	91.03.25
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.21	91.03.25
1991 Operating Budget Summary	91.03.27	91.05.14	91.03.21	91.03.25
1990 Annual Report	91.05.24	91.05.30	91.05.24	91.05.28
MINGAN ASSOCIATES, LIMITED.[1][10]				
1991-95 Corporate Plan Summary	91.03.14	91.04.11	91.03.12	91.03.25
1991 Capital Budget Summary	91.03.14	91.04.11	91.03.12	91.03.25
1991 Operating Budget Summary	91.03.14	91.04.11	91.03.12	91.03.25
1990 Annual Report	91.04.11	91.05.23	91.03.12	91.03.25
MONTREAL PORT CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.26	91.03.27
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.26	91.03.27
1990 Annual Report[5]	91.05.31	91.06.18	91.05.24	91.05.28

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
NATIONAL CAPITAL COMMISSION				
1989/90 Annual Report	90.10.15	90.11.06	90.06.27	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.06.17	3rd Qtr	91.05.23	91.05.28
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.05.23	91.05.28
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.05.23	91.05.28
1990/91 Annual Report	3rd Qtr	3rd Qtr	91.06.19	91.06.21
NATIONAL GALLERY OF CANADA(7)				
1990/91-1995/96 Corporate Plan Summary(15)	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Capital Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Operating Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Operating Budget Summmary	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Annual Report	3rd Qtr	3rd Qtr		
NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY(7)				
1990/91-1994/95 Corporate Plan Summary	91.06.17	3rd Qtr		
1990/91 Capital Budget Summary	91.06.17	3rd Qtr		
1990/91 Operating Budget Summary	91.06.17	3rd Qtr		
1991/92-1995/96 Corporate Plan Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.06.18	91.06.19
1990/91 Annual Report	3rd Qtr	3rd Qtr		
OLD PORT OF MONTREAL CORPORATION INC(16)				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1992/93 Corporate Plan Summary(17)	91.06.17	3rd Qtr	91.05.30	91.06.11
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.05.30	91.06.11
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.05.30	91.06.11
1990/91 Annual Report	3rd Qtr	3rd Qtr		
PACIFIC PILOTAGE AUTHORITY				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.18	91.03.25
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.18	91.03.25
1991 Operating Budget Summary	91.03.27	91.05.14	91.03.18	91.03.25
1990 Annual Report	91.05.24	91.05.30	91.04.11	91.04.15
PETRO-CANADA(18)				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.25	91.03.26
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.25	91.03.26
1990 Annual Report	91.05.22	91.05.28	91.03.26	91.03.27

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION(16)				
1989/90 Annual Report	90.10.05	90.10.26	90.06.26	90.06.27
1991/92-1995/96 Corporate Plan Summary(19)				
1991/92 Capital Budget Summary(19)				
1991/92 Operating Budget Summary	91.06.17	3rd Qtr		
1990/91 Annual Report	3rd Qtr	3rd Qtr		
PETRO-CANADA LIMITED(18)				
1990 Annual Report	91.05.22	91.05.28	91.03.27	91.04.09
PORT OF QUEBEC CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.26	91.03.27
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.26	91.03.27
1990 Annual Report(5)	91.05.31	91.06.18	91.05.24	91.05.28
PRINCE RUPERT PORT CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.26	91.03.27
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.26	91.03.27
1990 Annual Report(5)	91.05.31	91.06.18	91.05.24	91.05.28
ROYAL CANADIAN MINT				
1991-95 Corporate Plan Summary	91.03.21	91.04.15	91.04.10	91.04.11
1991 Capital Budget Summary	91.03.21	91.04.15	91.04.10	91.04.11
1990 Annual Report	91.05.24	91.05.30	91.04.11	91.04.15
SAINT JOHN PORT CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.26	91.03.27
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.26	91.03.27
1990 Annual Report(5)	91.05.31	91.06.18	91.05.24	91.05.28
ST. JOHN'S PORT CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.26	91.03.27
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.26	91.03.27
1990 Annual Report(5)	91.05.31	91.06.18	91.05.24	91.05.28
ST. LAWRENCE SEAWAY AUTHORITY, THE				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary(20)				
1991/92 Capital Budget Summary	91.06.17	3rd Qtr	91.05.31	91.06.11
1991/92 Operating Budget Summary	91.06.17	3rd Qtr	91.05.31	91.06.11
1990/91 Annual Report	3rd Qtr	3rd Qtr		

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
STANDARDS COUNCIL OF CANADA				
1989/90 Annual Report	90.10.15	90.11.06	90.09.24	90.09.25
1991/92-1995/96 Corporate Plan Summary	91.06.11	3rd Qtr	91.05.13	91.05.14
1991/92 Capital Budget Summary	91.06.11	3rd Qtr	91.05.13	91.05.14
1991/92 Operating Budget Summary	91.06.11	3rd Qtr	91.05.13	91.05.14
1990/91 Annual Report	3rd Qtr	3rd Qtr		
TELEGLOBE CANADA(10)				
1991 Corporate Plan Summary(21)	91.03.14	91.04.11	91.02.25	91.02.26
1991 Capital Budget Summary	91.03.14	91.04.11	91.02.25	91.02.26
1990 Annual Report	91.06.03	91.06.18	91.05.30	91.06.11
VANCOUVER PORT CORPORATION				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.03.26	91.03.27
1991 Capital Budget Summary	91.03.27	91.05.14	91.03.26	91.03.27
1990 Annual Report(5)	91.05.31	91.06.18	91.05.24	91.05.28
VIA RAIL CANADA INC.				
1991-95 Corporate Plan Summary	91.03.27	91.05.14	91.06.04	91.06.11
1991 Capital Budget Summary	91.03.27	91.05.14	91.06.04	91.06.11
1991 Operating Budget Summary	91.03.27	91.05.14	91.06.04	91.06.11
1990 Annual Report	91.05.24	91.05.30	91.05.17	91.05.21
b) Outstanding at July 31, 1990.				
1) HARBOURFRONT CORPORATION				
1990/91 Capital Budget Summary	90.05.22	90.10.03	91.05.16	91.05.21
1990/91 Operating Budget Summary	90.05.22	90.10.03	91.05.16	91.05.21
2) INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT				
1990/91-1994/95 Corporate Plan Summary	90.05.23	90.10.03	91.01.15	91.01.16
1990/91 Operating Budget Summary	90.05.23	90.10.03	91.01.15	91.01.16

(Qtr) Denotes the quarter in the calendar year containing the anticipated deadline for tabling.

NOTES TO TABLE

(1) Parliamentary authority (Bill C-8) is being sought to provide for:

- the integration of Canada Harbour Place Corporation into another federal entity;
- the dissolution of the Canadian Livestock Feed Board and the transfer of its program responsibilities to the Department of Agriculture;
- the dissolution of Canadian Patents and Development Limited and the transfer of patents and licences to departments and agencies;
- the wind up and dissolution of Harbourfront Corporation and Mingan Associates, Ltd.; and
- the transfer of the one share of Canada Museums Construction Corporation Inc. held by the Minister of Public Works to Canada Lands Company Limited, which currently holds the remaining two of the three existing shares.

(2) The corporate plan for Canada Harbour Place Corporation was not approved because of the anticipated transfer or dissolution of the corporation, for which Parliamentary authority is now being sought (see note 1).

(3) Canada Lands Company (Mirabel) Limited, a subsidiary of Canada Lands Company Limited, formerly with acting parent status, was directed by Order in Council on April 25, 1991 to no longer continue in that acting capacity.

(4) The Governor-in-Council approved a one-year corporate plan for Canada Museums Construction Corporation Inc. in accordance with the Government's intent to obtain Parliamentary authority to provide for the change in status of the corporation from a parent Crown Corporation to a subsidiary as a step toward eventual dissolution of the corporation (see note 1). Subsequent amendment to the original plan extended it to cover the five-year planning period.

(5) The *Canada Ports Corporation Act* specifies that the annual report shall include the annual reports of the Local Port Corporations and that it be submitted to the appropriate Minister no later than four months after the financial year-end. These annual reports are tabled as one document.

(6) The Canadian Dairy Commission 1990-91/1994-95 corporate plan summary tabled on November 20, 1990 included the summaries of the capital and operating budgets but the labelling did not correctly indicate that all three summaries were incorporated into a single document.

(7) Four new Crown corporations came into existence on July 1st, 1990 pursuant to Bill C-12, *An Act Respecting Museums* which received Royal Assent on January 30th, 1990: the Canadian Museum of Civilization; the Canadian Museum of Nature; the National Gallery of Canada and the National Museum of Science and Technology.

(8) The approved corporate plan for the Canadian Museum of Civilization covers a six-year planning period which includes the nine-month transition period from July 1, 1990 to March 31, 1991. The summary document tabled in Parliament included summaries of the 1990-91 Operating and Capital budgets though this was not indicated by the labelling.

(9) The approved corporate plan for the Canadian Museum of Nature covers a six-year planning period which includes the nine-month transition period from July 1, 1990 to March 31, 1991. The mislabelled summary document tabled in Parliament incorrectly indicated only a five-year planning period (1991-92/1995-96) and did not indicate that the 1990-91 Operating and Capital budgets summaries were also included.

(10) The following corporations are inactive: Mingan Associates, Ltd. (see note 1), Canadian National (West Indies) Steamships, Ltd., and Teleglobe Canada.

(11) The 1991-92 / 1995-96 corporate plan and 1991-92 capital and operating budgets for Canadian Patents and Development Limited were not submitted for approval in anticipation of the expected dissolution of the corporation in 1990 (see note 1).

(12) The actual corporate plan for Defence Construction (1951) Limited was tabled. The labelling incorrectly identified only a one-year planning period and did not indicate that the operating and capital budgets were also included.

NOTES TO TABLE—(concluded)

(13) In 1990-91 a one-year corporate plan submitted by Harbourfront Corporation was not approved because of a planning freeze put in place by the Province of Ontario in December 1989. Subsequently, in February 1991, five-year 1990-91 and 1991-92 corporate plans were approved (see note 1).

(14) The International Centre for Ocean Development did not have capital expenditures in 1991-92 and did not submit a capital budget.

(15) The approved corporate plan for the National Gallery of Canada covers a six-year planning period which includes the nine-month transition period from July 1, 1990 to March 31, 1991.

(16) Petro-Canada International Assistance Corporation and one subsidiary of Canada Lands Company Limited (Old Port of Montreal Corporation Inc.) report as parent Crown corporations in accordance with section 86(2) of Part X of the *Financial Administration Act*.

(17) The Old Port of Montreal Corporation Inc. has not planned beyond 1992-93 in accordance with the funds available to the corporation to complete its mandate.

(18) Pursuant to Bill C-84, *Petro-Canada Public Participation Act* which received Royal Assent on February 1, 1991, Petro-Canada was reorganized into two parent Crown corporations: Petro-Canada and Petro-Canada Limited and privatization of the former is underway.

(19) Petro-Canada International Assistance Corporation did not submit a corporate plan for approval due to the anticipated dissolution of the corporation as announced in The Budget of February 26, 1991. The corporation did not submit a capital budget for approval because no capital expenditures were planned.

(20) Consideration of the St. Lawrence Seaway Authority's corporate plan has been deferred.

(21) Teleglobe Canada's corporate plan is for one year in anticipation of the corporation's dissolution.

PART III

OTHER CORPORATE INTERESTS OF CANADA

PART III

OTHER CORPORATE INTERESTS OF CANADA

Introduction

In response to section 151(3)(a) of the *Financial Administration Act,* Part III of this Annual Report presents lists of all the other corporate interests of which any shares are held by, on behalf of, or in trust for the Crown. This supplements the Part I list of Crown corporations and their subsidiaries. It consists of two sections:

1. Listings of the Other Corporate Interests

1.1 Statistical Summary—presents a comparison of the number of joint and mixed enterprises, other entities and international organizations as at March 31, 1991, and 1990.

These are grouped as:

1.2 Joint and Mixed Enterprises—corporate entities whose shares are partially owned by Canada, through a Minister. The balance of shares is owned by another level of government or by private sector parties.

1.3 Other Entities—corporate entities in which Canada holds no shares but, either directly or through a Crown corporation, has a right pursuant to statute, articles of incorporation, letters patent or by-law, to appoint or nominate one or more members to the board of directors or similar governing body.

1.4 International Organizations—corporate entities created pursuant to international agreements by which Canada has a right to appoint or elect members to a governing body.

1.5 Changes to the Listings—provides the names of other corporate interests of Canada deleted or added to the listings since the last Annual Report. The changes are as at March 31, 1991 compared to March 31, 1990.

2. Information about Other Corporate Interests of Canada

Descriptions for each of the joint and mixed enterprises, other entities, and international organizations are presented. These individual descriptions include general background information, a brief overview of the organization's mandate, and the government's objective for the investment. The background information identifies the head office, the responsible Minister, the statutory authority, the financial position and year-end, the name of the auditor and the federal ownership percentage based on the number of votes. For further information, the reader is referred to the special Acts, articles of incorporation and annual reports of the corporations.

1. Listings of the Other Corporate Interests of Canada (as at March 31)

1.1 Statistical Summary of the Other Corporate Interests of Canada

	1991	1990
Joint and Mixed Enterprises	22	22
Other Entities	46	44
International Organizations	14	13

1.2 Listings of Joint and Mixed Enterprises (as at March 31, 1991)

These are enterprises whose shares are partly owned by Canada, in conjunction with other levels of government or with private sector parties to further common objectives. Their subsidiaries and associates are not listed. Table 2.1 provides additional information about each of these corporate interests of Canada.

1. Canarctic Shipping Company Limited
2. Cooperative Energy Corporation
3. Lower Churchill Development Corporation Limited
4. National Sea Products Limited
5. North Portage Development Corporation
6. NPM Nuclear Project Managers Canada Inc.
7. Société du parc industriel et portuaire Québec-sud
8. Telesat Canada

Under terms of the *Bankruptcy Act*, the Superintendent of Bankruptcy has received shares in the following corporations:

9. Aurora Gold Ltd.
10. Blake Resources
11. Braeswood Explorations Limited
12. Carolin Mines Ltd.
13. Equity Capital Investments Ltd.
14. Havelock Energy & Resources Inc.
15. House of Brougham Ltd.
16. International Datacasting Corporation
17. International Hydrodynamics Co. Ltd.
18. Magnus Aerospace Corporation
19. Mission River Petroleum Ltd.
20. North Slope Refiners Inc.
21. Totran Services Ltd.
22. Vercan Investments Inc.

1.3 Listings of Other Entities (as at March 31, 1991)

These are corporate entities without share capital for which the Government of Canada has a right to appoint members to the boards of directors or similar governing bodies. The Harbour Commissions are grouped at the foot of this list. Table 2.2 provides additional information about these corporate interests of Canada.

1. Army Benevolent Fund,The
2. Asia-Pacific Foundation of Canada
3. Association for the Export of Canadian Books
4. Blue Water Bridge Authority
5. Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children
6. Buffalo and Fort Erie Public Bridge Authority
7. Calgary Olympic Development Association
8. Canada Grains Council
9. Canadian Centre on Substance Abuse
10. Canadian Fitness and Lifestyle Research Institute
11. Canadian International Grains Institute
12. Canadian Livestock Records Corporation
13. Canadian Sport and Fitness Administration Centre, Inc.
14. Coaching Association of Canada
15. Forest Engineering Research Institute of Canada
16. FORINTEK Canada Corp.
17. International Centre for Human Rights and Democratic Development
18. International Fisheries Commissions Pension Society
19. Kamloops 1993 Canada Games Society
20. Last Post Fund
21. Maritime Forestry Complex Corporation
22 Medical Council of Canada
23. Nature Trust of British Columbia, The
24. Northern Native Fishing Corporation
25. PARTICIPaction
26. POS Pilot Plant Corporation

27. Pulp and Paper Research Institute of Canada
28. Roosevelt Campobello International Park Commission
29. Saint John Harbour Bridge Authority
30. Terry Fox Humanitarian Award Inc.
31. Vanier Institute of the Family, The
32. Victoria Commonwealth Games Host Society
33. Western Grains Research Foundation
34. 1995 Canada Winter Games Host Society, The
35. 1995 World Nordic Championships Organizing Committee
36. 1991 Canada Games Society (P.E.I.) Inc., The
37. 1989 Jeux Canada Games Foundation Inc.

Harbour Commissions

38. Fraser River Harbour Commission
39. Hamilton Harbour Commissioners, The
40. Nanaimo Harbour Commission
41. North Fraser Harbour Commission
42. Oshawa Harbour Commission
43. Port Alberni Harbour Commission
44. Thunder Bay Harbour Commission
45. Toronto Harbour Commissioners, The
46. Windsor Harbour Commission

1.4 Listing of International Organizations (as of March 31, 1991)

Corporate entities created pursuant to international agreements where Canada has a right to appoint or elect members to a governing body. Table 2.3 provides additional information about these corporate interests of Canada.

1. African Development Bank
2. African Development Fund
3. Asian Development Bank
4. Caribbean Development Bank
5. Commonwealth War Graves Commission
6. European Bank for Reconstruction and Development
7. Inter-American Development Bank
8. International Bank for Reconstruction and Development
9. International Boundary Commission
10. International Development Association
11. International Finance Corporation
12. International Fund for Agricultural Development
13. International Monetary Fund
14. Multilateral Investment Guarantee Agency

1.5 Changes to the Listings During the Year (as at March 31, 1991)

Joint and Mixed Enterprises (section 1.2)

No Change

Other Entities (section 1.3)

Kamloops 1993 Canada Games Society	Added
NWT Co-operative Business Development Fund	Deleted
1995 Canada Winter Games Host Society, The	Added
1995 World Nordic Championships Organizing Committee	Added
1989 Jeux Canada Games Foundation Inc.	Added
1989 Jeux Canada Games Société Saskatoon Inc., The	Deleted

International Organizations (section 1.4)

European Bank for Reconstruction and Development	Added

2. Information about Other Corporate Interests of Canada

2.1 Joint and Mixed Enterprises[1]

Corporation	Federal Ownership	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End/ Total Assets (A)/ Liabilities (L)	Auditor	Mandate/ Government Objective
Canarctic Shipping Company Limited (Mixed)	51%	1005-350 Sparks Street Ottawa, Ontario K1R 7S8	Transport	1975, Canada Corporations Act	December 31/90 A = $15.3M L = $19.9M	Coopers & Lybrand	To provide superior Arctic shipping services, tanker operations, ship management services, and resource development support services to corporations, communities, and government agencies operating in the polar regions of the world.
Cooperative Energy Corporation (Mixed)	25%	Suite 2000, 530-8 Avenue S.W. Calgary, Alta. T2P 3S8	Energy, Mines and Resources	1982, Cooperative Energy Act	December 31/90 A = $222.6M L = $108M	Deloitte & Touche	To operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. To bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.
Lower Churchill Development Corporation Limited (Joint)	48.9%	P.O. Box 12700 St.John's, Nfld. A1B 3T5	Energy, Mines and Resources	1978, Newfoundland Companies Act	December 31/90 A = $30.2M L = $43,000	Ernst & Young	To establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the line transmission of this energy to markets.
National Sea Products Limited (Mixed)	18.7%	Suite 600 1959 Upper Water Street P.O. Box 2130 Halifax, N.S. B3J 3B7	Minister of State (Finance and Privatization)	Amalgamated in 1967, The Companies Act of Nova Scotia	December 29/90 A = N/A L = N/A	Ernst & Young	To process and market fish, seafoods and fish by-products around the world. To restructure the Atlantic Fisheries.
North Portage Development Corporation (Joint)	33.3%	1100-444 St. Mary Avenue Winnipeg, Man. R3C 3T1	Western Economic Diversification	1983, Manitoba Corporations Act	March 31/91 A = $82.3M L = $3.5M	Coopers & Lybrand	To foster the social and economic redevelopment of the North Portage area in the city of Winnipeg. Under the Special Recovery Capital Projects Program, to stimulate economic recovery in Canada and Manitoba.

Corporation	Federal Ownership	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End/ Total Assets (A)/ Liabilities (L)	Auditor	Mandate/ Government Objective
NPM Nuclear Project Managers Canada Inc. (Mixed)	13.3%	2020 University 22nd Floor Montreal, Quebec H3A 2A5	Energy, Mines and Resources	1982, Canada Business Corporations Act	March 31/91 A = N/A L = N/A	N/A	Nuclear project and construction management. To transfer this activity to the private sector.
Société du parc industriel et portuaire Québec-Sud (Joint)	40%	10, rue Giguère Lévis-Lauzon, Québec G6V 1N6	Industry, Science and Technology	1988, Loi sur la société inter-port de Québec	March 31/91 A = N/A L = N/A	Laliberté, Lanctot, Coopers & Lybrand	To encourage, within the boundaries of the town of Lauzon, the development of an industrial park and harbour facility suited to major industrial projects. To manage this industrial park and harbour facility. To acquire, sell or exchange land within the boundaries of the town of Lauzon.
Telesat Canada (Mixed)	49.6% [2]	1601 Telesat Court Gloucester, Ontario K1B 5P4	Communications	1969, Telesat Canada Act	December 31/90 A = $890M L = 607.5M	Peat Marwick Thorne	To establish and provide, on a commercial basis, satellite telecommunications systems, and elements thereof, as well as associated services, in Canada and elsewhere.

[1] Excludes corporate interests which the Superintendant of Bankruptcy has received under The Bankruptcy Act.
[2] Excludes 3.7% held by Canadian National Railway Company.
N/A = not available at time of printing.

2.2 Other Entities

Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
Army Benevolent Fund	Veterans Affairs Bldg 284 Wellington Street Ottawa, Ontario K1A 0P4	Veterans Affairs	1947, Army Benevolent Fund Act	March 31	Auditor General of Canada	To provide grants and other financial assistance to Second World War veterans, or their dependants. Profits from services operated for the benefit of the Canadian Army during the Second World War were allocated to the Army Benevolent Fund for disbursement.
Asia-Pacific Foundation of Canada	Suite 666 999 Canada Place Vancouver, B.C. V6C 3E1	External Affairs	1984, Asia-Pacific Foundation of Canada Act	March 31	Coopers & Lybrand	To develop closer ties between the peoples and institutions of Canada and the peoples and institutions of the Asia-Pacific region.
Association for the Export of Canadian Books	Suite 1101 1 Nicholas St. Ottawa, Ontario K1N 7B7	Communications	1972, Canada Corporations Act	March 31	N/A	To promote the export of Canadian books to the international market. To administer the export budget for the Department of Communications' Book Publishing Industry Development Program.
Blue Water Bridge Authority	Bridge Street Point Edward, Ontario N7T 7H7	Transport	1964, Blue Water Bridge Authority Act	August 31	Deloitte & Touche	To acquire, hold, operate , maintain and repair the Canadian portion of the Blue Water Bridge which links Point Edward, Ontario and Port Huron, Michigan, U.S.A. across the St. Clair River
Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children	Jeanne Mance Bldg. 20th Floor Tunney's Pasture Ottawa, Ontario K1A 0W9	Health and Welfare[1]	1959, Queen Elizabeth II Canadian Research Fund Act	March 31	Auditor General of Canada	To further research into the diseases of children and the prevention and cure of such diseases.
Buffalo and Fort Erie Public Bridge Authority	The Peace Bridge Peace Bridge Plaza Buffalo, N.Y. 14213 U.S.A.	Finance	1934, Buffalo and Fort Erie Public Bridges Company Act	December 31	Ernst and Young	To construct, maintain and operate a bridge across the Niagara River between Buffalo, New York and Fort Erie, Ontario.
Calgary Olympic Development Association	The Day Lodge Canada Olympic Park Beaufort Road, N.W., SS#1 Calgary, Alta. T2M 4N3	Health and Welfare[2]	1979, Societies Act of Alberta	March 31	Price Waterhouse	To foster the development of Canadian athletics; to administer the Olympic Endowment Funds; and to operate and maintain the Canada Olympic Park.

Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
Canada Grains Council	Suite 760 360 Main Street Winnipeg, Man. R3C 3Z3	Minister of State (Grains and Oilseeds)	1969, Canada Corporations Act	March 31	Peat Marwick Thorne	To encourage a coordinated effort in improving Canada's performance in world grain markets, to promote and conduct research, and to formulate recommendations and provide advice to government based on a concensus within the industry.
Canadian Centre on Substance Abuse	Suite 480 112 Kent Street Ottawa, Ontario K1P 5P2	Health and Welfare	1988, Canadian Centre on Substance Abuse Act	March 31	McIntyre & McLarty	To promote increased awareness on the part of Canadians of matters relating to alcohol and drug abuse and their increased participation in the reduction of such abuse, and to promote programs that are relevant to alcohol and drug abuse.
Canadian Fitness and Lifestyle Research Institute	Suite 200 47 Clarence Street Ottawa, Ontario K1N 9K1	Health and Welfare [2]	1980, Canada Corporations Act	March 31	Deloitte & Touche	To conduct research, and collect, interpret and disseminate information, pertaining to the fitness levels of Canadians.
Canadian International Grains Institute	1000-303 Main St. Winnipeg, Man. R3C 3G7	Minister of State (Grains and Oilseeds)	1972, Canada Corporations Act	March 31	Deloitte & Touche	To promote, on a non-profit basis, for the general advantage of Canada, the development, maintenance and enlargement of Canadian and international markets for Canadian grains and oilseeds and the products thereof.
Canadian Livestock Records Corporation	2417 Holly Lane Ottawa, Ontario K1V 0M7	Agriculture	1988, Animal Pedigree Act	December 31	Ernst & Young	To perform services for and on behalf of members of the 50 Breed Associations. To ensure the maintenance of the General Stud and Herd Books.
Canadian Sport and Fitness Administration Centre, Inc.	1600 James Naismith Gloucester, Ontario K1B 5N4	Health and Welfare [2]	1974, Canada Corporations Act	March 31	Peat Marwick Thorne	To assist organizations concerned with the development of Canadian sport and fitness by providing support services in the area of administration and promotion.
Coaching Association of Canada	1600 James Naismith Gloucester, Ontario K1B 5N4	Health and Welfare [2]	1970, Canada Corporations Act	March 31	Ouseley Guindon Hanvey	To improve the formal training of coaches through the National Coaching Certification Program and related programs, and to consolidate a profession of coaching which will ensure job opportunities are matched by qualified candidates.
Forest Engineering Research Institute of Canada	143, Place Frontenac Pointe Claire, Quebec H9R 4Z7	Forestry	1976, Canada Corporations Act	December 31	Charette, Fortier, Hawey, Touche Ross	To conduct research and development aimed at improving the efficiency of operations relating to the harvesting and transportation of wood and the growing of trees.

Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
FORINTEK Canada Corp.	2665 East Mall University of British Columbia Vancouver, B.C. V6T 1W5	Forestry	1979, Canada Corporations Act	March 31	Deloitte & Touche	To be the leading force in the technological advancement of the canadian wood products industry, through creation and implementation of innovative concepts, processes, products, and education programs.
Fraser River Harbour Commission	Suite 505 713 Columbia Street New Westminster, B.C. V3M 1B2	Transport	1913, New Westminster Harbour Commissioners Act	December 31	Peat Marwick Thorne	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Hamilton Harbour Commissioners, The	605 James Street N. Hamilton, Ontario L8L 1J9	Transport	1912, Hamilton Harbour Commissioners Act	December 31	Pannell Kerr McGillivray	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
International Centre for Human Rights and Democratic Development	63, de Brésoles Street 1st Floor Montreal, Quebec H2Y 1V7	External Affairs	1988, International Centre for Human Rights and Democratic Development Act	March 31	Auditor General of Canada	To promote and support cooperation between Canada and other countries for the purpose of developping and strengthening human rights institutions.
International Fisheries Commissions Pension Society	c/o Treasury Board of Canada L'Esplanade Laurier 5th Floor, West Tower 300 Laurier Ave. Ottawa, Ontario K1A 0R5	Fisheries and Oceans	1957, Canada Corporations Act	September 30	Auditor General of Canada	To arrange for and administer the provision of pensions and insurance for the employees of any international fisheries commission, whose seat or headquarters in any country is established and maintained by Canada or the U.S., or both.
Kamloops 1993 Canada Games Society	118 Victoria Street Kamloops, B.C. V2C 6N9	Health and Welfare	1990, B.C. Society Act	March 31	Price Waterhouse	To plan, organize and stage the 1993 Canada Summer Games.
Last Post Fund	Suite 921 685 Cathcart St. Montreal, Quebec H3B 1M7	Veterans Affairs	1921, Federal Charter	March 31	Supply and Services Canada	To ensure the provision of a dignified funeral and burial to eligible war veterans.

Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
Maritime Forestry Complex Corporation	Hugh John Flemming Forestry Centre RR#10, Fredericton, N.B. E3B 6H6	Forestry	1980, Maritime Forestry Complex Corporations Act, New Brunswick	March 31	Peat Marwick Thorne	To establish a Maritime Provinces Regional Forestry Complex.
Medical Council of Canada	2283 St. Laurent Blvd P.O. Box 8234 Ottawa, Ontario K1G 3H7	Health and Welfare	1912, Canada Medical Act	December 31	Peat Marwick Thorne	To promote and effect the establishment of a qualification in medicine, such that the holders thereof shall be acceptable and empowered to practice in all the provinces of Canada.
Nanaimo Harbour Commission	P.O. Box 131 104 Front Street Nanaimo, B.C. V9R 5R9	Transport	1961, Nanaimo Harbour Commissioners Act	December 31	Bestwick and Partners	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Nature Trust of British Columbia, The	909-100, Park Royal South, West Vancouver, B.C. V7T 1A2	Prime Minister	1971, Canada Corporations Act	December 31	Peat Marwick Thorne	To purchase and preserve ecologically important parcels of land in B.C.
North Fraser Harbour Commission	2020 Airport Road Richmond, B.C. V7B 1C6	Transport	1913, North Fraser Harbour Commissioners Act	December 31	Dunwoody & Company	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Northern Native Fishing Corporation	P.O. Box 876 4-214 Third Ave. W. Prince Rupert, B.C. V8J 3Y1	Indian Affairs and Northern Development	1982, British Columbia Companies Act	January 31	Arthur Andersen & Co.	To preserve a fleet of fishing vessels and related licences for the long-term benefit of native fishermen, and to foster their development as independent business operators.
Oshawa Harbour Commission	1050 Farwell Street P.O. Box 492 Oshawa, Ontario L1H 6N6	Transport	1961, Oshawa Harbour Commissioners Act	December 31	Deloitte & Touche	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.

Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
PARTICIPaction	40 Dundas St. West Suite 220 Toronto, Ontario M5G 2C2	Health and Welfare [2]	1971, Canada Corporations Act	March 31	Peat Marwick Thorne	To inform Canadians about the positive benefits of physical fitness and to motivate them to adopt healthy, physically active lifestyles. To promote fitness through participation in sport and physical recreation
POS Pilot Plant Corporation	118 Veterinary Rd. Saskatoon, Sask. S7N 2R4	Minister of State (Grains and Oilseeds)	1973, Canada Corporations Act	March 31	Peat Marwick Thorne	To be a practical world-class research and development facility for Canadian and international industry so that Canadian agriculture can be diversified and so that secondary and tertiary industry can be started and developed in Canada.
Port Alberni Harbour Commission	2750 Harbour Road P.O. Box 99 Port Alberni, B.C. V9Y 7W6	Transport	1947, Port Alberni Harbour Commissioners Act	December 31	Newman Hill Duncan & Lacoursière	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Pulp and Paper Research Institute of Canada	570 St. John's Blvd. Pointe Claire, Quebec H9R 3J9	Forestry	1950, Canada Companies Act	December 31	Touche Ross	To enhance the technical competitiveness of its member companies by providing them with basic research data and improved technology.
Roosevelt Campobello International Park Commission	P.O. Box 9 Welshpool, Campobello Is, N.B. E0G 3H0	External Affairs	1964, The Roosevelt Campobello International Park Commission Act	December 31	Foster, Carpenter, Black & Co.	To administer as a memorial the Roosevelt Campobello International Park.
Saint John Harbour Bridge Authority	29 King Street P.O. Box 3728 Station B West Saint John, N.B. E2M 5C1	Transport	1962, An Act to Establish a Harbour Bridge Authority in the City of Saint John New Brunswick	March 31	Deloitte & Touche	To construct a bridge across the Harbour of Saint John, and to enter into agreement with federal, provincial and municipal governments, persons or corporations respecting the financing and construction of such bridge.

Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
Terry Fox Humanitarian Award Inc.	711-151 Sparks St. Ottawa, Ontario K1P 5E3	Health and Welfare [2]	1982, Canada Corporations Act	March 31	Deloitte & Touche	To encourage Canadian youth to seek high ideals as represented by Terry Fox by granting commemorative scholarships for the pursuit of higher education. To establish, maintain and manage an endowment fund.
Thunder Bay Harbour Commission	P.O. Box 2266 Thunder Bay, Ontario P7B 5E8	Transport	1959, Lakehead Harbour Commissioners Act	December 31	Ernst & Young	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Toronto Harbour Commissioners, The	60 Harbour Street Toronto, Ontario M5J 1B7	Transport	1911, Toronto Harbour Commissioners Act	March 31	Thorne, Ernst & Whinney	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Vanier Institute of the Family, The	120 Holland Ave. Ottawa, Ontario K1A 0X6	Prime Minister	1965, Canada Business Corporations Act	December 31	Coopers & Lybrand	To promote the spiritual and material well-being of Canadian families and to study their social, physical, mental, moral and financial environment and characteristics.
Victoria Commonwealth Games Host Society	Suite 1210 345 Quebec Street Victoria, B.C. V8W 3M8	Health and Welfare [2]	1988, Society Act of British Columbia	March 31	Peat Marwick Thorne	To organize and stage the XVth Commonwealth Games.
Western Grains Research Foundation	118 Veterinary Rd. Saskatoon, Sask. S7N 2R4	Agriculture	1981, Canada Corporations Act	December 31	Coopers & Lybrand	To initiate, encourage, support and conduct research into grain production and into economic and market development of grain products.
Windsor Harbour Commission	500 Riverside Drive W. Windsor, Ontario N9A 5K6	Transport	1957, Windsor Harbour Commissioners Act	December 31	Peat Marwick Thorne	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.

Corporation	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
1995 Canada Winter Games Host Society	P.O. Box 1995 Grande Prairie Alberta T8V 6V2	Health and Welfare [2]	1990, Alberta Society Act	March 31	N/A	To plan, organize and stage the 1995 Canada Winter Games.
1995 World Nordic Championships Organizing Committee	3rd Floor, City Hall 500 Donald St. East Thunder Bay, Ontario N7T 7H7	Health and Welfare [2]	1991	N/A	N/A	To organize the 1995 World Nordic Championships.
1991 Canada Games Society (P.E.I) Inc., The	199 Grafton St. Charlottetown, P.E.I. C1A 1L2	Health and Welfare [2]	1987, Canada Corporations Act	March 31	N/A	To plan, organize and stage the 1991 Canada Games.
1989 Jeux Canada Games Foundation Inc.	P.O. Box 1989 Saskatoon, Sask S7K 3S5	Health and Welfare [2]	1990, Non-Profit Corporations Act	Dec 31	Horachek Cannam Joa	To promote and support amateur sport throughout host provinces by directing the surplus generated by sound management of the games.

1 The directors of the Board are "appointed by Her Majesty by Commission under the Great Seal".
2 Directors are appointed by the Minister of State (Fitness and Amateur Sport) who has received delegated authority from the Minister of Health and Welfare.
N/A = not available.

2.3 International Organizations

Corporation	Federal Ownership	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
African Development Bank	3.3%	P.O. Box 1387 Abidjan Ivory Coast Africa	External Affairs[1]	1963, Agreement signed by member countries[2]	December 31	Akintola Williams & Hassan Inc. and Deloitte & Touche	To contribute to the economic development and social advancement of the member countries, individually and collectively. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
African Development Fund	5.1%	P.O. Box 1387 Abidjan Ivory Coast Africa	External Affairs[1]	1972, Agreement signed by member countries[2]	December 31	Akintola Williams & Hassan Inc. and Deloitte & Touche	To assist the African Development Bank in making an increasingly effective contribution to the economic and social development of the Bank's members. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
Asian Development Bank	5.0%	P.O. Box 789 1099 Manila, The Philippines	External Affairs[1]	1965, Agreement signed by member countries[2]	December 31	Deloitte & Touche	To lend funds, promote investment and provide technical assistance to developing countries, and generally to foster economic growth in the Asian Region. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
Caribbean Development Bank	10.2%	P.O. Box 408 Wildey, St. Michael Bridgetown, Barbados	External Affairs[1]	1969, Agreement signed by member countries[2]	December 31	Price Waterhouse	To contribute to the harmonious economic growth and development of the member countries, and integration among them, having special and urgent regard to the needs of the less developed members of the region. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
Commonwealth War Graves Commission	N/A	2 Marlow Road Maidenhead, Berkshire U.K. S16 7DX	Veterans Affairs	1917, Royal Charter	March 31	Deloitte, Haskins & Sells	To mark and maintain graves and memorials and keep records of the members of the Forces of the Commonwealth who died in the two World Wars.
European Bank for Reconstruction and Development	3.4%	122 Leadenhall St. London, England EC3V 4QL	Finance	1991, European Bank for Reconstruction and Development Agreement Act	N/A	N/A	To develop a vibrant private sector and to help foster the transition from centrally planned economies to market economies in the new Europe.

Corporation	Federal Ownership	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
Inter-American Development Bank	4.4%	1300 New York Ave. Washington, D.C. U.S.A. 20577	External Affairs[1]	1959, Agreement signed by member countries[2]	December 31	Price Waterhouse	To contribute to the acceleration of the process of economic development of the member countries, individually or collectively. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
International Bank for Reconstruction and Development	3.0%	1818 H Street, N.W. Washington, D.C. U.S.A. 20433	Finance	1945, Bretton Woods Agreements and Related Act	June 30	Price Waterhouse	To assist in the reconstruction and development of territories of member countries.
International Boundary Commission	N/A	615 Booth Street Room 130 Ottawa, Ontario K1A 0E9	External Affairs	1908, Treaty of Washington, 1960, International Boundary Commission Act	March 31	N/A	To maintain the demarcation and cartographic representation of the land and water boundary between Canada and the United States, and to regulate all construction within three metres of the boundary line.
International Development Association	3.2%	1818 H Street, N.W. Washington, D.C. U.S.A. 20433	Finance	1960, Articles of Agreement; 1960, International Development Association Act	June 30	Price Waterhouse	To promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world.
International Finance Corporation	4.0%	1818 H Street, N.W. Washington, D.C. U.S.A. 20433	Finance	1956, Articles of Agreement; Vote 731, Appropriation Act No.6, 1956	June 30	Price Waterhouse	To further economic development by encouraging the growth of productive enterprise in member countries, supplementing the activities of the International Bank for Reconstruction and Development.
International Fund for Agricultural Development	1.8%	107 via del Serafico 00142 Rome, Italy	External Affairs[1]	1977 International Agreement	December 31	Price Waterhouse	To increase food production, reduce malnutrition and rural poverty in the Third World. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
International Monetary Fund	3.1%	700 19th St., N.W. Washington, D.C. U.S.A. 20431	Finance	1945, Agreement Signed by Member Countries	April 30	External Audit Committee	Established to promote economic welfare by encouraging the expansion of trade, the maintenance of orderly exchange arrangements, and the reduction of balance of payments.

Corporation	Federal Ownership	Head Office	Responsible Minister	Year Incorporated and Statutory Authority	Fiscal Year End	Auditor	Mandate/ Government Objective
Multilateral Investment Guarantee Agency	3.3%	1818 H Street N.W Washington, D.C. USA 20433	Finance	1988, Bretton Woods and Related Agreements Act	June 30	Price Waterhouse	To encourage the flow of investments for productive purposes among member countries, thus supplementing the activities of the International Bank for Reconstruction and Development, the International Finance Corporation and other international development finance institutions.

[1] Responsibility for these organizations has been delegated to the Minister of State (External Relations and International Development) from the Secretary of State for External Affairs.

[2] Statutory Authority under Canadian Law is the *International Development (Financial Institutions) Continuing Assistance Act.*

N/A = not available.

PART IV

AUDITED FINANCIAL STATEMENTS
FOR EACH PARENT CROWN CORPORATION

PART IV

AUDITED FINANCIAL STATEMENTS FOR EACH PARENT CROWN CORPORATION

This part contains the audited financial statements for each parent Crown corporation.

ATLANTIC PILOTAGE AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by the Authority's management in accordance with generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in the financial statements and annual report.

The Authority's management recognizes the responsibility of conducting its affairs in compliance with the Pilotage Act and regulations, the Financial Administration Act and regulations, and the by-laws of the Authority.

The Authority is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Authority exercises its responsibilities through the Audit Committee of the Authority, which is composed of members who are not employees of the Authority. The financial statements have been approved by the Authority on the recommendation of the Audit Committee.

The Auditor General of Canada conducts an independent examination in accordance with generally accepted auditing standards, and expresses his opinion on the financial statements. He has full and free access to the Audit Committee of the Authority, and his report follows.

C. R. Worthington
Chairman and Chief Executive Officer

M. R. McGrath
Treasurer

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Atlantic Pilotage Authority as at December 31, 1990 and the statements of operations, contributed capital, deficit, and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Pilotage Act and regulations, and the by-laws of the Authority.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 15, 1991

ATLANTIC PILOTAGE AUTHORITY—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current		
Cash		58,295
Accounts receivable—Trade	815,524	903,341
Due from Canada (Note 3)	200,000	
Prepaid expenses	80,898	22,430
	1,096,422	984,066
Capital, at cost (Note 4)	2,331,787	2,232,653
Less: accumulated amortization	1,043,715	912,096
	1,288,072	1,320,557
	2,384,494	2,304,623

LIABILITIES	1990	1989
	$	$
Current		
Bank indebtedness	384,372	
Accounts payable and accrued liabilities	435,816	564,166
Obligation under capital lease agreement (Note 5)	50,084	45,796
Current portion of accrued employee termination benefits	64,746	83,846
	935,018	693,808
Long-term		
Accrued employee termination benefits	540,589	518,492
Obligation under capital lease agreement (Note 5)		50,084
	540,589	568,576
	1,475,607	1,262,384
Commitments and contingencies (Note 8)		
CONTRIBUTED CAPITAL AND DEFICIT		
Contributed capital	2,073,580	2,073,580
Deficit	(1,164,693)	(1,031,341)
	908,887	1,042,239
	2,384,494	2,304,623

Approved by the Authority:

C. R. WORTHINGTON
Chairman

MARTIN KARLSEN
Member

M. R. McGRATH
Treasurer

ATLANTIC PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Income		
Pilotage charges	7,212,914	7,240,494
Interest and other income	45,894	46,789
	7,258,808	7,287,283
Expenses		
Pilots' fees, salaries and benefits	3,646,814	3,457,746
Pilot boats, operating costs	2,363,594	2,336,943
Staff salaries and benefits	476,104	434,424
Transportation and travel	355,970	391,593
Professional and special services	284,884	174,116
Utilities, materials and supplies	133,751	120,773
Amortization	133,092	127,678
Rentals	119,798	115,620
Communications	72,284	79,796
Interest on capital leases	5,869	13,838
	7,592,160	7,252,527
Net profit (loss) for the year	(333,352)	34,756

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Balance, beginning of the year	2,073,580	1,606,516
Parliamentary appropriation to finance		
Additions to capital assets		367,644
Principal payments on capital leases		99,420
		467,064
Balance, end of the year	2,073,580	2,073,580

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Balance, beginning of the year	1,031,341	1,066,097
Net loss (profit) for the year	333,352	(34,756)
	1,364,693	1,031,341
Parliamentary appropriation to finance cash operating loss (Note 3)	200,000	
Balance, end of the year	1,164,693	1,031,341

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Operating activities		
Cash provided by (used for) operations		
Net profit (loss) for the year	(333,352)	34,756
Items not requiring cash		
Amortization	133,092	127,678
Increase in accrued employee termination benefits	99,057	76,918
	(101,203)	239,352
Cash used for non-cash working capital	(99,001)	(91,816)
Employee termination benefit payments	(96,060)	(158,594)
Cash used for operating activities	(296,264)	(11,058)
Financing activities		
Principal portion of capital lease payments	(45,796)	(99,420)
Parliamentary appropriation to finance		
Additions to capital assets		367,644
Principal payments on capital leases		99,420
Cash provided by (used for) financing activities	(45,796)	367,644
Investing activities		
Net additions to capital assets	(100,607)	(351,434)
Cash used for investing activities	(100,607)	(351,434)
Increase (decrease) in cash during the year	(442,667)	5,152
Cash, beginning of the year	58,295	53,143
Cash, end of the year	(384,372)	58,295

The Authority's cash position is defined as cash net of bank indebtedness.

ATLANTIC PILOTAGE AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Objectives and activities

The Atlantic Pilotage Authority (the "Authority") was established on February 1, 1972 pursuant to the Pilotage Act. The objects of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act provides that pilotage tariffs shall be fair, reasonable and sufficient, together with any revenue from other sources, to permit the Authority to operate on a self-sustaining financial basis.

The Authority is a Crown corporation listed in Schedule III, Part I of the Financial Administration Act and is not subject to income tax under the provisions of the Income Tax Act.

2. Significant accounting policies

(a) Parliamentary appropriation

When revenues are not sufficient to permit the Authority to operate on a self-sustaining financial basis, the Authority requests parliamentary appropriations to recover cash operating losses. These appropriations are recorded in the accounts when approved by Parliament and are reflected in the statement of deficit.

Parliamentary appropriations are also requested when the cash operating profits are not sufficient to provide for the purchase of capital assets and the principal portion of payments under capital lease agreements. These appropriations are recorded in the accounts when approved by Parliament and are reflected in the statement of contributed capital.

(b) Amortization

Amortization of capital assets is calculated on a straight-line basis and is based on the estimated useful life of the assets as follows:

Pilot boats	10 to 25 years
Furniture and equipment	5 to 10 years

(c) Capital leases

The Authority leases a pilot boat from Canada under a long term financing lease. Under the terms of the lease agreement, the Authority assumes the rights and obligations of ownership. As a result, the lease is treated as a purchase and the principal portion of lease payments is capitalized and amortized over the estimated useful life of the boat. The corresponding liability is reduced by the principal portion of lease payments and the interest portion is expensed in the year to which it relates.

(d) Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. Contributions with respect to current service are expensed in the current period. Contributions with respect to past service benefits are expensed when paid.

(e) Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded as they accrue to the employees.

3. Parliamentary appropriation

Appropriation Act Number 2, 1990-91, assented to June 19, 1990, provided $200,000 to be applied in payment of the excess of expenditures over revenues as a result of 1990 operations. This amount was received by the Authority on February 15, 1991, and is recorded in the accounts in accordance with the Authority's accounting policies.

4. Capital assets

	1990			1989
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	450		450	450
Pilot boats	1,668,866	626,912	1,041,954	1,038,475
Pilot boats under capital lease	448,573	262,534	186,039	203,981
Furniture and equipment	213,898	154,269	59,629	77,651
	2,331,787	1,043,715	1,288,072	1,320,557

5. Capital lease agreement

The Authority leases a pilot boat under a long term financing lease. The remaining payment under the lease is as follows:

	1990	1989
	$	$
9 3/8% lease agreement, due April 1991, payable in blended annual payments of $54,785	54,785	109,571
Less: amount representing interest	4,701	13,691
Principal amount of capital lease	50,084	95,880
Less: current portion	50,084	45,796
Principal amount of capital lease agreement net of current portion		50,084

Upon maturity of the lease, the Authority has the option to purchase the boat for $1. The Authority intends to purchase the boat upon maturity of the lease.

6. Pension plan

Under the Public Service Superannuation Act, employees of the Authority are entitled to count service prior to becoming an employee of the Authority as pensionable. For employees who elected to purchase pension benefits with respect to past service, the Authority is required to match the employee contribution. Total past service pension expense was $6,991 in 1990 ($6,821 in 1989). The estimated unfunded past service pension contribution with respect to these employees was approximately $124,000 at December 31, 1990 ($54,000 at December 31, 1989) and will be funded over the remaining years of service of the employees, or the terms of purchase, whichever is the lesser.

7. Related party transactions

The Authority receives services from government departments and these are provided without charge. These include pilot dispatching services by the Canadian Coast Guard, through its Vessel Traffic Service Centres in Nova Scotia, New Brunswick, and Newfoundland. The cost of these services is not recorded in the accounts of the Authority.

ATLANTIC PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

8. Commitments and contingencies

(a) The Authority has entered into contracts for pilot boat services, office rentals, wharfage fees and wharf rentals requiring the following minimum annual payments:

	$
1991	792,827
1992	564,268
	1,357,095

(b) A lawsuit has been filed and a claim for damages is being made against the Authority. In management's opinion, the outcome of these actions cannot be determined at this time and no provision has been made in the financial statements.

ATOMIC ENERGY OF CANADA LIMITED

MANAGEMENT RESPONSIBILITY

The financial statements and all other information presented in this Annual Report are the responsibility of the management and the Board of Directors of the corporation. The financial statements have been prepared in accordance with generally accepted accounting principles and include estimates based on the experience and judgement of management.

The corporation maintains books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively. These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with Part X of the Financial Administration Act and its regulations, as well as the Canada Business Corporations Act, the articles, and the by-laws and policies of the corporation. The corporation has met all reporting requirements established by the Financial Administration Act, including submission of a corporate plan, an operating budget, a capital budget and this Annual Report.

The corporation's internal auditor has the responsibility for assessing the management systems and practices of the corporation. The Auditor General of Canada conducts an independent examination of the financial statements of the corporation and reports on his examination to the Minister of Energy, Mines and Resources.

The Board of Directors' Audit Committee, composed of directors who are not employees of the corporation, reviews and advises the Board on the financial statements, the Auditor General's reports thereto and the plans and reports related to special examinations, and oversees the activities of internal audit. The Audit Committee meets with management, the internal auditor and the Auditor General on a regular basis.

Stanley R. Hatcher
Chief Executive Officer, AECL

David G. Cuthbertson
Chief Financial Officer, AECL

AUDITOR'S REPORT

TO THE MINISTER OF ENERGY, MINES AND RESOURCES

I have audited the balance sheet of Atomic Energy of Canada Limited as at March 31, 1991 and the statements of income, contributed capital, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, the articles and the by-laws of the corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 10, 1991

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current		
Cash and short-term deposits	94,537	46,669
Due from Government of Canada		40,253
Accounts receivable	159,851	154,387
Receivable from CDIC (Note 3)	114,607	114,607
Inventories (Note 4)	7,378	3,256
	376,373	359,172
Heavy water inventory (Note 4)	7,785	8,096
Long-term receivables (Note 5)	488,911	498,310
Investment (Note 6)	70,625	76,164
Property, plant and equipment (Note 7)	13,473	10,004
	957,167	951,746

LIABILITIES	1991	1990
Current		
Accounts payable and accrued liabilities	135,791	113,877
Current portion of long-term debt	36,907	33,871
	172,698	147,748
Deferred revenue	25,491	20,394
Accrued employee termination benefits	46,112	43,702
Long-term debt (Note 8)	492,509	529,114
	736,810	740,958
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—75,000 common shares		
Issued—54,000 common shares	15,000	15,000
Contributed capital	80,993	79,228
Retained earnings	124,364	116,560
	220,357	210,788
	957,167	951,746

Approved by the Board:

ROBERT A. FERCHAT
Director

STANLEY R. HATCHER
Director

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Nuclear power operations		
Revenue		
Nuclear supply and services	121,632	99,084
Interest on long-term receivables	53,504	58,737
Interest on short-term deposits	12,102	10,642
	187,238	168,463
Costs and expenses		
Cost of supply and services	62,071	78,104
Product development	32,836	31,982
Less: parliamentary appropriations (Note 2)		(29,200)
Marketing and administration	23,725	23,127
Interest on long-term debt	49,684	52,071
	168,316	156,084
Operating profit	18,922	12,379
Research and development operations		
Expenses	293,262	258,973
Less: commercial revenue	40,460	34,775
cost recovery	87,461	47,854
parliamentary appropriations (Note 2)	154,323	153,722
Net expense	11,018	22,622
Decommissioning activities		
Expenses	14,783	15,954
Less: parliamentary appropriations (Note 2)	11,368	12,023
recovery from asset sales	3,315	3,931
Net expense	100	
Net income (loss)	7,804	(10,243)

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Balance at beginning of the year	79,228	73,907
Parliamentary appropriations (Note 2)		
Loan principal repayment	1,765	1,621
Payment in respect of subsidiaries divested		3,700
	1,765	5,321
Balance at end of the year	80,993	79,228

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Balance at beginning of the year	116,560	126,803
Net income (loss)	7,804	(10,243)
Balance at end of the year	124,364	116,560

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Net income (loss)	7,804	(10,243)
Amortization	7,746	7,426
	15,550	(2,817)
Decrease (increase) in operating working capital		
Due from Government of Canada	40,253	(40,253)
Other	(1,005)	3,320
	39,248	(36,933)
Cash from (used in) operations	54,798	(39,750)
Investing activities		
Cash used in acquisition of commercial property, plant and equipment, net of disposal	(5,676)	(2,314)
Financing activities		
Repayment of long-term debt	(33,569)	(31,347)
Proceeds from long-term notes receivable	30,550	28,171
Contributed capital from parliamentary appropriations	1,765	5,321
Cash from (used in) financing	(1,254)	2,145
Increase (decrease) in cash and short-term deposits	47,868	(39,919)
Cash and short-term deposits at beginning of the year	46,669	86,588
Cash and short-term deposits at end of the year	94,537	46,669

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. The most significant accounting policies are summarized below:

Foreign currency translation

Transactions denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the transaction, except those covered by forward exchange contracts, where the rate established by the terms of the contract is used. Monetary assets and liabilities outstanding at the balance sheet date are adjusted to reflect the exchange rate in effect at that date. Exchange gains and losses arising from the translation of foreign currencies are included in income.

Inventories

Heavy water is valued at the lower of average cost, less related parliamentary appropriations, and net realizable value. Maintenance and general supplies are valued at cost.

Investment

The corporation has an investment in Pickering reactor Units 1 and 2. This is recorded at cost and is being amortized on a straight-line basis over the remaining term of the related investment agreement.

Property, plant and equipment

Property, plant and equipment of a research and development nature are recorded at cost and expensed in the year of acquisition.

Other property, plant and equipment are recorded at cost and this cost, net of parliamentary appropriations and third party contributions, if any, is amortized on a straight-line basis over the estimated useful life of the asset as follows:

Machinery and equipment	3 to 20 years
Buildings	20 to 50 years

Costs of decommissioning nuclear facilities are expensed when incurred since the timing of these activities and the associated costs cannot be reasonably estimated.

Long-term contracts

Revenue and costs on long-term contracts are accounted for by the percentage of completion method, applied on a conservative basis to recognize the absence of certainty on these contracts. Full provision is made for all estimated losses to completion of contracts in progress.

Parliamentary appropriations

The Government of Canada, through parliamentary appropriations, funds certain operations of the corporation as outlined in Note 2. The parliamentary appropriations are offset against the applicable expenditures except for the portion used to discharge certain loan principal which is recognized as an increase in contributed capital.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The corporation's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions represent the total pension obligations of the corporation and are charged to income on a current basis.

Employee termination benefits

Employees are entitled to specific termination benefits as provided for under collective agreements and conditions of employment. The liability for these benefits is charged to income as benefits accrue to the employees. The accumulated liability is actuarially determined on a periodic basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1991

1. Accounting policies

The summary of significant accounting policies is an integral part of these financial statements.

2. Parliamentary appropriations

Parliamentary appropriations were used during the year for the following purposes:

	1991	1990
	(in thousands of dollars)	
Research and development operations	154,323	153,722
CANDU 3 pre-project costs		29,200
Decommissioning activities	11,368	12,023
Heavy water plant loan principal	1,765	1,621
Subsidiaries divested		9,074
	167,456	205,640

3. Receivable from CDIC

On September 30, 1988, the corporation sold its shares in Nordion Inc. and Theratronics International Limited to Canada Development Investment Corporation (CDIC) for eventual privatization. The receivable from CDIC of $114.6 million represents the net book value of the these divested subsidiaries at the date of sale. Under the terms of the agreement with CDIC, the corporation will receive the proceeds realized from the privatization of Nordion and Theratronics, less CDIC's expenses associated therewith. It is expected that these net proceeds will be fully distributed to the Shareholder. As of the date of the auditor's report, CDIC was close to completing negotiations for the sale of Nordion. While the corporation anticipates a gain on sale, the amount cannot be reasonably determined at this time.

4. Inventories

	1991	1990
	(in thousands of dollars)	
Current		
Maintenance and general supplies	7,378	3,256
Heavy water	538,838	544,799
Less: parliamentary appropriations	531,053	536,703
	7,785	8,096

Parliamentary appropriations for heavy water are repayable to the government, together with interest thereon, to the extent of future revenue from sales of related heavy water. Accrued liabilities as at March 31, 1991, include $4.9 million in respect of net proceeds from sales during the year (1990—$2.9 million).

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1991—*Continued*

5. Long-term receivables

	1991	1990
	(in thousands of dollars)	
Notes receivable from provincial utilities in respect of the financing of nuclear facilities maturing through 2008 at fixed interest rates varying from 7.795% to 9.706% (refer to Note 8 for related debt)	491,568	522,118
Contract receivables maturing through 1998	43,461	38,957
Mortgages receivable and other	3,097	3,135
	538,126	564,210
Current portion	49,215	65,900
	488,911	498,310

6. Investment

The corporation, Ontario Hydro and the Province of Ontario are parties to an agreement for the construction and operation of Units 1 and 2 of the Pickering "A" nuclear generating station, with ownership of these Units being vested in Ontario Hydro. Under the agreement, the corporation is entitled to receive payments until the year 2003 based on the net operational advantage of the power generated by Pickering Units 1 and 2 as compared with the coal-fired Lambton Units 1 and 2. Due primarily to costs incurred during the 1984-88 shutdown of the Pickering Units 1 and 2 for pressure tube replacement, no payment have been received since this shutdown. The timing and extent of future payback remain uncertain.

The charge against 1991 earnings for amortization of the investment in Pickering was $5.5 million (1990—$5.5 million).

7. Property, plant and equipment

	1991			1990
	Cost	Funding and accumulated amortizationn	Net	Net
	(in thousands of dollars)			
Nuclear power operations				
Land and improvements	1,169	565	604	607
Buildings	9,860	9,750	110	121
Machinery and equipment	21,871	16,615	5,256	5,789
	32,900	26,930	5,970	6,517
Research and development operations				
Land and improvements	11,880	11,821	59	
Buildings	83,842	82,273	1,569	2,119
Reactors and equipment	244,151	242,677	1,474	1,368
Construction in progress	69,433	65,032	4,401	
	409,306	401,803	7,503	3,487
	442,206	428,733	13,473	10,004

Amortization of property, plant and equipment for the year ended March 31, 1991 amounted to $2.2 million (1990—$1.9 million).

Research and development property, plant and equipment expensed during the year amounted to $9.9 million (1990—$13.0 million).

8. Long-term debt

	1991	1990
	(in thousands of dollars)	
Loans from Government of Canada		
To finance provincial utility nuclear facilities, maturing through 2008 at fixed interest rates varying from 6.687% to 9.706% (refer to Note 5 for related receivables)	491,274	521,700
To finance leased heavy water and other assets, maturing through 2008 at interest rates varying from 5.125% to 13.885%	20,901	22,316
Loans from third parties		
To finance the purchase of the Glace Bay heavy water plant, maturing through 1998 at an imputed interest rate of 8.875%	17,241	18,969
	529,416	562,985
Current portion	36,907	33,871
	492,509	529,114

Loan repayments required over succeeding years are as follows (millions of dollars): 1992—$36.9; 1993—$33.1; 1994—$16.0; 1995—$17.3; 1996—$18.8; and subsequent to 1996—$407.3.

9. Decommissioning activities

An important objective of the corporation's decommissioning activities is to ensure environmental safety. These activities consist of placing and maintaining prototype reactors and other facilities in a safe-storage mode as the initial stage of decommissioning, as well as the activities associated with closure and protection of heavy water plants. Funding for these activities is provided through parliamentary appropriations and proceeds generated from related asset sales.

Prototype reactors

The decommissioning of nuclear research and prototype facilities is an integral part of the nuclear program. Currently, the Gentilly 1, Douglas Point and Nuclear Power Demonstration (NPD) prototype reactors are in a safe-storage mode and the initial stage of decommissioning of the Whiteshell research reactor (WR-1) is continuing.

Future net costs related to decommissioning nuclear facilities beyond the safe-storage mode cannot be quantified at this time due to the uncertainty as to the nature and timing of the disposal alternative that will ultimately be adopted in each case. In accordance with the corporation's accounting policy, any such costs will be expensed when incurred.

Detailed planning for the dismantling and decontamination of Tunney's Pasture radioactive waste was conducted this year and the estimated cost for that phase of decommissioning is $13.1 million.

All reactors in the decommissioning stage have been fully written off. The original gross cost of these reactors was $216 million, including $31 million for capitalized heavy water.

ATOMIC ENERGY OF CANADA LIMITED—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1991—*Concluded*

Heavy water plants

The corporation has closed down the three heavy water plants located in Glace Bay and Port Hawkesbury in Cape Breton, Nova Scotia and in LaPrade, Quebec. These assets, which have been fully written off, had an original gross cost of $803 million.

10. Related party transactions

In addition to the transactions disclosed elsewhere in these financial statements, the corporation had the following transactions with the Government of Canada:

	1991	1990
	(in thousands of dollars)	
Repayment of loans and interest	88,547	88,790
Payments to the Public Service Superannuation Plan	12,036	11,744

In the normal course of business, the corporation also enters into various transactions with the Government of Canada, its agencies and other Crown corporations.

11. Comparative figures

Certain reclassifications have been made to the 1990 comparative figures to conform with the current year's presentation.

12. Supplementary information

Incorporation

Pursuant to the authority and powers of the Minister of Energy, Mines and Resources under the Atomic Energy Control Act, the corporation was incorporated in 1952 under the provisions of the Canada Corporations Act (and continued in 1977 under the provisions of the Canada Business Corporations Act) to develop the utilization of atomic energy for peaceful purposes.

The corporation is a Schedule III Part I Crown corporation under the Financial Administration Act. The corporation is exempt from income taxes.

Insurance

To the extent deemed appropriate, the corporation carries conventional insurance for its facilities and heavy water inventories. Decommissioned prototype reactors are self-insured.

Sales agents' remuneration

Guidelines concerning the commercial practices of Crown corporations require disclosure of sales agents and the total remuneration paid to them during the year.

Remuneration and expenses paid to the following sales agents and representatives in 1991 aggregated $3.1 million(1990—$1.0 million):

B.C. Park, U.S.A.; Marubeni Corporation, Japan; PII-PED International Inc., U.S.A.; P.T. Sanga Kencana International, Indonesia; Samchang Corporation, Korea; Yuksel Nedim Yalcin, Turkey.

BANK OF CANADA

AUDITORS' REPORT

We have audited the statement of assets and liabilities of the Bank of Canada as at December 31, 1990 and the statement of revenue and expense for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 1990 and the results of its operations for the year then ended in accordance with the accompanying summary of significant accounting policies applied on a basis consistent with that of the preceding year.

Coopers & Lybrand
Chartered Accountants

Peat Marwick
Chartered Accountants

Ottawa, Canada
January 25, 1991

STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 1990
(with comparative figures for 1989)
(in millions of dollars)

ASSETS	1990	1989
Deposits payable in foreign currencies		
U.S.A. dollars	343.8	352.4
Other currencies	24.0	17.5
	367.8	369.9
Advances to members of the Canadian Payments Association (Notes 2 and 7)	470.7	311.6
Investments—At amortized values (Note 3)		
Treasury bills of Canada	10,247.8	10,815.7
Other securities issued or guaranteed by Canada maturing within three years	3,997.2	3,424.6
Other securities issued or guaranteed by Canada not maturing within three years	5,753.4	6,584.8
Other investments	3,863.7	2,764.8
	23,862.1	23,589.9
Bank premises (Note 4)	167.6	138.4
Accrued interest on investments	284.7	293.8
Other assets	121.6	76.0
	25,274.5	24,779.6

LIABILITIES	1990	1989
Capital paid up (Note 5)	5.0	5.0
Rest fund (Note 6)	25.0	25.0
Notes in circulation	22,970.0	22,092.6
Deposits		
Government of Canada	10.6	20.7
Chartered banks	1,458.3	1,786.6
Other members of the Canadian Payments Association	134.0	229.7
Other deposits	405.8	397.3
	2,008.7	2,434.3
Liabilities payable in foreign currencies		
Government of Canada	210.4	209.0
Bank of Canada cheques outstanding	47.8	7.6
Other liabilities	7.6	6.1
	25,274.5	24,779.6

See accompanying notes to the financial statements.

J.W. CROW
Governor

J.-P. AUBRY
Chief Accountant

BANK OF CANADA—*Continued*

STATEMENT OF REVENUE AND EXPENSE
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in millions of dollars)

	1990	1989
Revenue		
Revenue from investments and other sources, net of interest paid on deposits of $46.7 ($42.8 in 1989)	2,615.2	2,424.5
Expense		
Salaries[(1)]	78.9	72.1
Contributions to pension and insurance funds[(2)]	10.9	9.1
Other staff expenses[(3)]	2.8	2.3
Directors' fees	0.1	0.1
Auditors' fees and expenses	0.6	0.5
Taxes—Municipal and business	10.3	9.5
Bank note costs	41.5	40.0
Data processing and computer costs	7.8	6.3
Premises maintenance—Net of rental income[(4)]	19.8	19.7
Printing of publications	0.8	1.0
Other printing and stationery	2.4	2.4
Postage and express	1.7	1.8
Telecommunications	2.0	1.8
Travel and staff transfers	3.4	2.7
Other expenses	3.6	2.9
	186.6	172.2
Depreciation on buildings and equipment	20.1	13.5
	206.7	185.7
Net revenue paid to Receiver General for Canada	2,408.5	2,238.8

See accompanying notes to the financial statements.

(1) Salaries include overtime and are for Bank staff other than those engaged in premises maintenance. The number of employee years worked by such staff (including temporary, part-time and overtime work) was 2,301 in 1990 compared with 2,255 in 1989.

(2) Contributions to pension and insurance funds for Bank staff other than those engaged in premises maintenance.

(3) Other staff expenses include retirement allowances and educational training costs.

(4) Premises maintenance comprises building and equipment maintenance expenses including related staff costs.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Significant accounting policies

The financial statements of the Bank conform to the disclosure and accounting requirements of the Bank of Canada Act and the Bank's by-laws. The significant accounting policies of the Bank are:

(a) Revenues and expenses

Revenues and expenses are accounted for on the accrual basis except for interest on advances to a bank ordered to be wound up where interest is recorded as received.

(b) Investments

Investments, consisting mainly of Government of Canada treasury bills and bonds, are recorded at cost adjusted for amortization of purchase discounts and premiums. The amortization as well as gains and losses on disposition are included in revenue.

(c) Translation of foreign currencies

Assets and liabilities in foreign currencies are translated to Canadian dollars at the rates of exchange prevailing at the year-end. Gains and losses from translation of, and transactions in, foreign currencies are included in revenue.

(d) Bank premises

Bank premises, consisting of land, buildings and equipment, are recorded at cost less accumulated depreciation. Depreciation is calculated on the declining balance method using the following annual rates:

Buildings	5%
Computer equipment	35%
Other equipment	20%

A full year of depreciation is charged against assets in the year of acquisition, except for Projects in progress which are depreciated from the point of substantial completion. No depreciation is taken on assets in the year of disposal.

(e) Pension plan

The Bank's contributions to the Pension Trust Fund are recorded as expenses at the time they are made. Actuarial surpluses or deficiencies, if any, are amortized over periods not exceeding those provided for by the Pension Benefits Standards Act, 1985, and the regular contributions are adjusted accordingly.

(f) Insurance

The Bank does not insure against direct risks of loss to the Bank, except for potential liabilities to third parties and where there are legal or contractual obligations to carry insurance. Any costs arising from these risks are recorded in the accounts at the time they can be reasonably estimated.

2. Advances to members of the Canadian Payments Association

Advances include a total of $29.6 million ($46.4 million in 1989) provided to the Canadian Commercial Bank and the Northland Bank for which winding-up orders have been issued by the courts. On the basis of the available information, it is the opinion of the Bank of Canada that this amount will be fully repaid from the proceeds of the liquidations.

BANK OF CANADA—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

3. Investments

Investments may include securities of the Government of Canada held under Purchase and Resale Agreements (PRA). As at December 31, 1990 and 1989 there were no securities held under PRA. Investments exclude $607.9 million of securities of the Government of Canada which were sold subject to a repurchase agreement for January 2, 1991 (nil in 1989).

4. Bank premises

	1990			1989
	Cost	Accumulated depreciation	Net	Net
	(in millions of dollars)			
Land and buildings	173.8	74.3	99.5	102.7
Computer equipment ...	40.6	25.5	15.1	5.4
Other equipment	62.9	38.2	24.7	24.3
	277.3	138.0	139.3	132.4
Projects in progress	28.3		28.3	6.0
	305.6	138.0	167.6	138.4

5. Capital

The authorized capital of the Bank is $5.0 million divided into 100,000 shares of the par value of $50 each. The shares are fully paid and in accordance with the Bank of Canada Act have been issued to the Minister of Finance, who is holding them on behalf of Canada.

6. Rest fund

The rest fund was established by the Bank of Canada Act and represents the general reserve of the Bank. In accordance with the Act, the rest fund was accumulated out of net revenue until it reached the stipulated maximum amount of $25.0 million in 1955. Subsequently, all net revenues have been paid to the Receiver General for Canada.

7. Legal matters

The Bank of Canada's security for advances to the Canadian Commercial Bank and the Northland Bank includes the loan portfolios of those institutions. In the case of the Canadian Commercial Bank, two issues are being considered by the courts. On March 30, 1990, the Court of Queen's Bench in Alberta ruled that the interest received from the portfolio does not form part of the security, and this issue is now before the Alberta Court of Appeal. There have also been submissions presented to the court challenging the liquidator's conclusion that loans made in California form part of the Bank's security. In the event that there were a final legal determination that all of the interest or all of the California loan portfolio is not included in the security, it could result in some adjustment to amounts which have been recorded in income. The information available at the present time is not sufficient to estimate the potential magnitude of such an adjustment.

8. Commitments

As at December 31, 1990, outstanding commitments under contracts for new buildings and equipment totalled $62 million. These contracts call for payments over the next four years and pertain to the Bank's responsibility for the issuance of bank notes.

CANADA COUNCIL

AUDITOR'S REPORT

TO THE CANADA COUNCIL AND THE
MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Endowment Account and Special Funds of the Canada Council as at March 31, 1991 and the statements of revenue and expense, equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 7, 1991

ENDOWMENT ACCOUNT

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990	LIABILITIES	1991	1990
Cash and short-term deposits	11,826	16,905	Grants payable	17,376	22,534
Accrued investment income	1,982	1,896	Accounts payable and accrued liabilities	1,680	907
Accounts receivable	419	189	Deferred revenue (Note 6)	1,022	1,001
Prepaid expenses	273	261	Due to Special Funds	3,681	3,639
Investments (Note 4)	102,855	100,988	Due to Special Trusts (Note 7)	1,769	1,718
Equipment and leasehold improvements (Note 5)	1,510	1,617	Provision for employee termination benefits	957	829
Works of art	14,792	13,912		26,485	30,628
			EQUITY		
			Fund capital		
			Principal	50,000	50,000
			Accumulated net gains on disposal of investments	35,673	35,127
				85,673	85,127
			Contributed surplus—Works of art	14,792	13,912
			Surplus	6,707	6,101
				107,172	105,140
	133,657	135,768		133,657	135,768

Approved by management:

JOYCE ZEMANS
Director

PETER BROWN
Treasurer

Approved by the Council:

JACQUES LEFEBVRE
Vice-Chairman

CANADA COUNCIL—*Continued*

STATEMENT OF REVENUE AND EXPENSE OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1991 (in thousands of dollars)

	1991	1990
Revenue		
Parliamentary appropriations	104,054	103,503
Interest and dividends	10,745	9,313
Art Bank rental fees	1,144	1,013
Cancelled grants and refunds of grants approved in previous years	401	642
Other revenue	249	184
	116,593	114,655
Expense		
Arts		
Grants and services	94,724	93,762
Administration (Schedule)	10,758	9,807
Works of art—Net purchases (Note 8)	880	919
	106,362	104,488
Canadian Commission for UNESCO		
Administration (Schedule)	1,286	1,225
Grants and services	175	188
	1,461	1,413
General administration (Schedule)	8,164	7,305
	115,987	113,206
Excess of revenue over expense for the year	606	1,449

STATEMENT OF EQUITY OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1991 (in thousands of dollars)

	1991	1990
Fund capital		
Principal	50,000	50,000
Accumulated net gains on disposal of investments		
Balance at beginning of the year	35,127	32,230
Net gains on disposal for the year	546	2,897
Balance at end of the year	35,673	35,127
Balance of Fund capital at end of the year	85,673	85,127
Contributed surplus—Works of art		
Balance at beginning of the year	13,912	12,993
Net purchases during the year (Note 8)	880	919
Balance at end of the year	14,792	13,912
Surplus		
Appropriated		2,700
Unappropriated		
Balance at beginning of the year	3,401	1,952
Transfer from appropriated surplus	2,700	
Excess of revenue over expense for the year	606	1,449
Balance at end of the year	6,707	3,401
Balance of surplus at end of the year	6,707	6,101

STATEMENT OF CHANGES IN FINANCIAL POSITION OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1991 (in thousands of dollars)

	1991	1990
Operating activities		
Excess of revenue over expense for the year	606	1,449
Items not affecting cash		
Amortization	567	517
Employee termination benefits	128	(72)
Loss on disposal of equipment		41
	1,301	1,935
Change in non-cash operating assets and liabilities	(4,599)	1,288
Funds (applied to) provided by operating activities	(3,298)	3,223
Investing activities		
Acquisition of equipment and leasehold improvements	(462)	(782)
Proceeds on disposal of equipment	2	25
Increase in investments	(1,867)	(7,815)
Funds applied to investing activities	(2,327)	(8,572)
Financing activities		
Net gains on disposal of investments credited to Fund capital	546	2,897
Decrease in funds	(5,079)	(2,452)
Cash and short-term deposits at beginning of the year	16,905	19,357
Cash and short-term deposits at end of the year	11,826	16,905

CANADA COUNCIL—*Continued*

SPECIAL FUNDS

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Cash and short-term deposits	4,411	7,698
Accrued interest	683	878
Investments (Note 4)	36,691	32,961
Due from Endowment Account	3,681	3,639
Musical instruments	930	930
	46,396	46,106

LIABILITIES	1991	1990
Grants payable	2,522	2,798
Accounts payable and accrued liabilities	24	22
	2,546	2,820
EQUITY		
Fund capital		
Principal	33,034	32,792
Accumulated net gains on disposal of investments	9,906	9,924
	42,940	42,716
Surplus	910	570
	43,850	43,286
	46,396	46,106

Approved by management:

JOYCE ZEMANS
Director

PETER BROWN
Treasurer

Approved by the Council:

JACQUES LEFEBVRE
Vice-Chairman

CANADA COUNCIL—*Continued*

STATEMENT OF REVENUE AND EXPENSE
OF THE SPECIAL FUNDS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Revenue		
Interest and dividends	3,400	3,398
Other revenue	46	82
	3,446	3,480
Expense		
Grants	2,395	2,480
Administration	469	431
	2,864	2,911
Excess of revenue over expense for the year	582	569

STATEMENT OF EQUITY
OF THE SPECIAL FUNDS (NOTE 3)
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Fund capital		
Principal		
Balance at beginning of the year	32,792	32,504
Net income capitalized	242	250
Donations received		38
Balance at end ot the year	33,034	32,792
Accumulated net gains on disposal of investment		
Balance at beginning of the year	9,924	5,927
Net gains (losses) on disposal of investments	(18)	3,997
Balance at end of the year	9,906	9,924
Surplus		
Balance at beginning of the year	570	251
Excess of revenue over expense for the year	582	569
Net income capitalized	(242)	(250)
Balance at end ot the year	910	570
Equity at end of the year	43,850	43,286

STATEMENT OF CHANGES IN FINANCIAL POSITION
OF THE SPECIAL FUNDS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Excess of revenue over expense for the year	582	569
Donations received		38
Change in non-cash operating assets and liabilities	(121)	(285)
Funds provided by operating activities	461	322
Investing activities		
Increase in investments	(3,730)	(2,789)
Financing activities		
Net (losses) gains on disposal of investments credited to Fund capital	(18)	3,997
(Decrease) increase in funds	(3,287)	1,530
Cash and short-term deposits at beginning of the year	7,698	6,168
Cash and short-term deposits at end of year	4,411	7,698

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and operations

The Canada Council was established by the Canada Council Act in 1957 which authorized the creation of an Endowment Fund of $50 million pursuant to Section 13 of the Act. Except for the annual parliamentary appropriation, monies or properties donated to the Council pursuant to Section 18 of the Act are generally accounted for as Special Funds or Special Trusts. The Council has been assigned the functions and duties for the Canadian Commission for UNESCO pursuant to Paragraph 8(2) of the Act. The Council is not an agent of Her Majesty. Its objectives are to foster and promote the study, enjoyment and production of works, in the arts.

2. Significant accounting policies

(a) Investments

Equities, bonds, debentures and mortgages are recorded at cost. The portfolios of two Special Funds (Molson Prize and Lynch-Staunton) are merged with the Endowment Account. Special Funds with capital in excess of $250,000 and received after January 1, 1990 are merged with the Endowment Account. The participation of each fund is calculated on the basis of market value as at the date the monies are received. Interest, dividends, gains and losses on disposal of investments are allocated to each fund based on the percentages established at the beginning of each quarter.

Special Funds with capital less than $250,000 and Special Trusts receive income calculated quarterly using the ninety day Treasury Bill rate at the beginning of the quarter.

Investments are written down to market value when the loss in value is considered to be a permanent decline.

(b) Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost and amortized over their estimated useful lives on the straight-line method, as follows:

Equipment	5 years
Leasehold improvements	term of the lease (maximum 10 years)

A full year's amortization is taken in the year of acquisition while no amortization is taken in the year of disposal. Gains and losses on disposals are netted against the amortization expense in the year of disposal.

(c) Works of art

Works of art acquired by the Canada Council Art Bank are recorded at laid-down cost.

(d) Musical instruments—Special Funds

Musical instruments are recorded at cost.

(e) Special Funds and Special Trusts

Special Funds and Special Trusts include amounts received by the Canada Council by way of bequest, gift or donation and may be specific as to purpose.

Special Funds are managed at the full discretion of the Canada Council and are invested in accordance with the policies of the Endowment Fund.

Special Trusts are either managed or allowed to have their capital drawn down, in accordance with the donor's wishes.

(f) Employee termination benefits

Employees are entitled to specific termination benefits as provided for under the Council's policy and conditions of employment. The cost of these benefits is expensed in the year in which they accrue to employees.

(g) Gains and losses on disposal of investments

Pursuant to subsection 17(2) of the Act, net gains or losses on disposal of investments are credited or charged to the Fund Capital. In the event that net losses exceed the Fund balance, the excess is recorded as an expense.

(h) Contributed surplus

Amounts paid during the year for the purchase of works of art acquired by the Canada Council Art Bank are expensed. Such purchases are then capitalized as contributed surplus-works of art and no amortization is recorded.

(i) Capitalization of net income of Special Funds

The Council capitalizes 10% of the revenue less administration expenses of the Izaak Walton Killam Memorial Fund for Advanced Studies and the Killam Special Scholarship Fund, in accordance with advice received from the trustees of these Funds in order to preserve the equity for future beneficiaries. However, the Council reserves the right to draw at any time on the accumulated net income capitalized, for the purposes of the funds.

(j) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Council contribute equally to the cost of the Plan. This contribution represents the total liability of the Council.

(k) Parliamentary appropriations

Parliamentary appropriations to the Council are recorded as revenue in the year in which they are approved by Parliament.

(l) Grants and services

Grants approved by the Council are recorded as expense in the appropriate year as determined by the Treasurer in consultation with the Arts Division. Cancelled grants and refunds of grants approved in previous years, are shown as revenue.

Services to the arts which include juries, advisory committees, prizes and other costs that directly serve artists or the arts community, are recorded as expense in the year in which they are incurred.

3. Special funds

(a) Izaak Walton Killam Memorial

A bequest of $12,339,615 in cash and securities was received from the estate of Mrs. Dorothy J. Killam and was established "to provide scholarships for advanced study or research in any field of study or research other than the 'arts' as presently defined in the Canada Council Act and not limited to the 'humanities and social sciences' referred to in such Act".

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

The bequest contains the provision that "the Fund shall not form part of the Endowment Account or otherwise be merged with any assets of the Council". The cash and securities received and the proceeds have been invested in a separate portfolio.

The fund equity as at March 31, 1991 was $19,276,789 (1990—$18,966,558).

(b) Killam Special Scholarship

This fund was established by way of securities received from Mrs. Dorothy J. Killam. Dividends and proceeds from the redemption of those securities amounted to $13,653,344.

The net income from this fund is available to provide fellowship grants to Canadians for advanced study or research in the fields of medicine, science and engineering.

The fund equity as at March 31, 1991 was $18,394,978 (1990—$18,289,278).

(c) Jean A. Chalmers

An endowment of $500,000 in cash was received from Mrs. Floyd S. Chalmers to establish a special Jean A. Chalmers Fund for the crafts. In consultation with the Canadian Crafts Council, the income of the fund is used to provide a small number of special project grants for the development or advancement of the crafts in Canada.

The fund equity as at March 31, 1991 was $550,225 (1990—$540,020).

(d) Molson Prize

Gifts of $1,000,000 were received from the Molson Foundation for the establishment of the Molson Prize Fund. The income of the fund is used for awarding cash prizes to Canadians "for outstanding achievement in the fields of the Arts, the Humanities or the Social Sciences".

The fund equity as at March 31, 1991 was $1,453,267 (1990—$1,417,272).

(e) Lynch-Staunton

This fund was established by a bequest in cash of $699,066 received from the estate of V.M. Lynch-Staunton, the income from which is available for the regular programs of the Council.

The fund equity as at March 31, 1991 was $1,476,413 (1990—$1,440,474).

(f) Vida Peene

This fund was established by a bequest in cash of $599,761 received from Vida Peene to provide payments to specified organizations.

The fund equity as at March 31, 1991 was $599,803 (1990—$599,799).

(g) Joseph S. Stauffer

This fund was established by bequests in cash totalling $400,000 from the estate of Joseph S. Stauffer, the income from which is to provide prizes to encourage promising young Canadians in the fields of music, visual arts and literature.

The fund equity as at March 31, 1991 was $474,235 (1990—$466,540).

The following Special Funds have an original capital less than $250,000 and have a total fund equity as at March 31, 1991 of $1,625,069 (1990—$1,566,201).

(h) Other

(i) Frances Elizabeth Barwick and J.P. Barwick

Bequests totalling $93,000 in cash were received from the estates of Mrs. Frances Elizabeth Barwick and J.P. Barwick. The total fund is to be used for the benefit of the musical arts and is being used for a musical instruments bank.

(ii) John B.C. Watkins

This fund was established by a bequest consisting of the net income from the residue of the estate of the late John B.C. Watkins to provide scholarships for postgraduate studies in specified countries.

(iii) The Duke and Duchess of York Prize in Photography

The Council received an endowment of $170,000 from the Government of Canada to mark the occasion of the marriage of The Duke and Duchess of York. The income from this endowment is to be used to provide an annual scholarship to a professional artist for personal creative work or advanced study in photography.

(iv) Petro Canada Award

Petro Canada donated $50,000 towards an award in the media arts. The income from this donation is to be used to provide an annual award to an artist who has achieved outstanding and innovative use of new technology in the media arts.

(i) Funds will eventually be received from the following bequests:

(i) Edith Davis Webb

This fund, estimated at $400,000, is intended "for the purpose of making grants or establishing scholarships for musical study in such manner as the Council shall determine".

(ii) Coburn Fellowship Trust

This fund, the amount of which cannot be determined at this time, is to provide for exchanges of scholars between Israel and Canada. It consists of an amount of $100 from Kathleen Coburn to establish this fund as well as a $20,000 donation received from F.E. Coburn.

(iii) John Stephen Hirsch

This fund, the amount of which cannot be determined at this time, is being established from the estate of John Hirsch for specific purposes. An interim distribution of $38,000 has been received from the estate.

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

4. Investments

	1991 Cost	1991 Market value	1990 Cost	1990 Market value
	(in thousands of dollars)			
Endowment Account				
Bonds and debentures	58,778	60,330	55,466	52,666
Equities	42,408	50,942	43,734	51,492
Mortgages	1,669	1,669	1,788	1,788
	102,855	112,941	100,988	105,946
Special Funds				
Bonds and debentures	18,569	18,700	18,473	17,051
Equities	17,879	17,749	14,220	14,727
Mortgages	243	243	268	268
	36,691	36,692	32,961	32,046

5. Equipment and leasehold improvements

	1991 Cost	1991 Accumulated amortization	1991 Net book value	1990 Net book value
	(in thousands of dollars)			
Equipment	2,427	1,736	691	873
Leasehold improvements	1,395	576	819	744
	3,822	2,312	1,510	1,617

6. Deferred revenue

	1991	1990
	(in thousands of dollars)	
Art Bank		
—Rentals of works of art	329	320
—Deferred rent	274	438
Canadian Commission for UNESCO	342	243
Touring Office	77	
	1,022	1,001

The deferred rent represents an inducement payment received from the landlord that will be used to reduce rental accommodation expense over the next three years. Amounts from the Canadian Commission for UNESCO represent funds received for specific programs for which expenses have not yet been incurred.

7. Due to Special Trusts

These funds have been accounted for separately due to special conditions related to the donations. Trusts with balances exceeding $50,000 are:

(i) Glenn Gould Prize Fund

The Council has received $525,113 from the Glenn Gould Memorial Foundation to provide a prize of $50,000 every three years (funds permitting) to an outstanding individual for his or her original contribution to the field of music and communications. As at March 31, 1991, the balance stood at $640,926.

(ii) Visiting Foreing Artists Program

The Visiting Foreign Artists Program is administered by the Arts Awards Service of the Canada Council on behalf of Department of External Affairs. It is a residency program through which Canadian professional arts organizations receive assistance to invite distinguished foreign artists from any country outside Canada for periods ranging from two weeks to four months. As at March 31, 1991, the balance stood at $79,972.

(iii) Japan-Canada Fund

The Council received an endowment of $966,651 from the Government of Japan "to further strengthen the relations between Canada and Japan". After consultations with the Embassy of Japan, the endowment is to be used to fund programs that will encourage artistic exchange between the two countries. As at March 31, 1991, the balance stood at $908,677.

(iv) Ronald J. Thom Award

The Council was the beneficiary of donations totalling $106,898 to provide an award every two years "to a candidate in the early stages of his or her career in architecture, who demonstrates outstanding creative talent in architectural design and a sensitivity to its allied arts".

8. Works of art

	1991	1990
	(in thousands of dollars)	
Purchases	1,017	945
Proceeds from sale of works of art	(137)	(26)
Net purchases	880	919

9. Lease commitments

The Council is a party to long-term leases with respect to rental accommodation. The aggregate minimum annual rental is as follows:

	(in thousands of dollars)
1992	2,012
1993	2,067
1994	2,094
1995	2,194
1996	2,239
1997-1999	2,606

CANADA COUNCIL—*Concluded*

SCHEDULE OF ADMINISTRATION EXPENSE
OF THE ENDOWMENT ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	Arts	Canadian Commission for UNESCO	General	Total 1991	Total 1990
Salaries	5,891	695	3,456	10,042	9,272
Employee benefits	1,049	126	604	1,779	1,398
Office accommodation	1,678	119	1,162	2,959	2,695
Professional and special services	421	45	612	1,078	853
Staff travel	792	60	113	965	936
Communications	451	47	201	699	645
Amortization	86		481	567	558
Informatics	8		519	527	444
Meeting expenses including members' honoraria	64	158	249	471	442
Investment portfolio management			405	405	377
Printing, publications and duplicating	168	23	177	368	364
Office expenses and equipment	78	11	172	261	260
Miscellaneous	72	2	13	87	93
	10,758	1,286	8,164	20,208	18,337

CANADA DEPOSIT INSURANCE CORPORATION

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Canada Deposit Insurance Corporation and all information in this annual report are the responsibility of management and the financial statements have been approved by the Board of Directors. The financial statements include some amounts that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared by management in accordance with generally accepted accounting principles. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained in accordance with the Financial Administration Act and regulations as well as the Canada Deposit Insurance Corporation Act and by-laws of the Corporation. The system of internal control is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have free access to the audit committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

In accordance with its Statutory Objects, the Corporation monitors the operations of its member institutions with varying degrees of intensity, as circumstances warrant. Except for two institutions referred to in Note 8 of the financial statements where we have not yet been able to estimate the extent of loss, if any, we are not aware of any other situations at this time where the Corporation is exposed to a material loss.

These financial statements have been independently examined by the Corporation's auditor, the Auditor General of Canada, and his report is included herein.

J. P. Sabourin
President and Chief Executive Officer

Johanne R. Lanthier
Vice-President, Finance

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Canada Deposit Insurance Corporation as at December 31, 1990 and the statements of deposit insurance fund, investment and administrative operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Deposit Insurance Corporation Act and the by-laws of the Corporation.

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada
February 28, 1991

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Cash and treasury bills	74,426	85,490
Premiums and other accounts receivable	7,451	4,116
Assets acquired from insolvent member institutions	219	316
Furniture, equipment and leasehold improvements	1,053	1,070
	83,149	90,992
Loans to member institutions and others (Note 3)	104,765	111,021
Claims against insolvent member institutions (Note 4)	751,653	891,154
	856,418	1,002,175
General provision for loss (Notes 5 and 8)	(296,000)	(502,000)
	560,418	500,175
	643,567	591,167

LIABILITIES	1990	1989
Accounts payable	3,414	3,312
Loans from the Consolidated Revenue Fund (Note 6)	1,282,715	1,438,654
	1,286,129	1,441,966
DEPOSIT INSURANCE FUND		
Deficit at year end	(642,562)	(850,799)
	643,567	591,167

Approved by the Board:

R.A. McKINLAY
Chairman

H. MARCEL CARON
Director

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

STATEMENT OF DEPOSIT INSURANCE FUND FOR THE YEAR ENDED DECEMBER 31, 1990 (in thousands of dollars)

	1990	1989
Deficit, beginning of year	(850,799)	(1,017,105)
Insurance operations		
Premiums (Note 7)	271,449	244,909
Interest on loans to member institutions and others	9,040	20,112
Other interest	3,771	3,270
	284,260	268,291
Interest on loans from the Consolidated Revenue Fund	145,595	171,164
Provision for loss adjustment	(78,694)	(77,733)
Other interest	11	
	66,912	93,431
Gain from insurance operations	217,348	174,860
Net loss from investment and administrative operations	(9,111)	(8,554)
Gain from operations for the year	208,237	166,306
Deficit, end of year	(642,562)	(850,799)

STATEMENT OF INVESTMENT AND ADMINISTRATIVE OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1990 (in thousands of dollars)

	1990	1989
Interest revenue		
Treasury bills	3,198	3,583
Other	8	21
	3,206	3,604
Expenses		
Inspection, legal and other fees	2,487	3,280
Salaries and other personnel costs	3,534	3,045
Public awareness program	4,062	3,436
General and administrative	1,411	1,205
Premises	636	660
Data processing	187	532
	12,317	12,158
Net loss from investment and administrative operations	(9,111)	(8,554)

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1990 (in thousands of dollars)

	1990	1989
Operating activities		
Gain from operations for the year	208,237	166,306
Non-cash items included in gain		
Amortization	451	302
Provision for loss adjustment	(78,694)	(77,733)
Increase in receivables and payables	(3,233)	(1,124)
Increase (decrease) in accrued interest on loans from the Consolidated Revenue Fund	(5,939)	12,168
Realization (acquisition) of assets from insolvent member institutions—Net	97	(169)
Loans to member institutions and claims against insolvent member institutions—Net	18,451	244,173
Cash provided by operating activities	139,370	343,923
Investing activities		
Purchase of capital assets—Net	(434)	(781)
Financing activities		
Decrease in loans from the Consolidated Revenue Fund	(150,000)	(320,000)
Cash and treasury bills		
Increase (decrease) during the year	(11,064)	23,142
Balance, beginning of year	85,490	62,348
Balance, end of year	74,426	85,490

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Authority and objective

The Corporation was established in 1967 by the Canada Deposit Insurance Corporation Act (the CDIC Act). It is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The objects of the Corporation are to provide insurance against the loss of part or all of deposits, to be instrumental in the promotion of standards of sound business and financial practices for member institutions, and to promote and otherwise contribute to the stability and competitiveness of the financial system in Canada. The aforementioned objects are to be pursued for the benefit of depositors of member institutions and in such manner so as to minimize the exposure of the Corporation to loss.

The Corporation has the power to do all things necessary or incidental in the furtherance of its objects including the acquisition of assets from or guarantee of loans to a member institution. It may make or cause to be made inspections of member institutions, prescribe standards of sound business and financial practices, and act as liquidator, receiver or inspector of a member institution or a subsidiary thereof.

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting principles.

These financial statements do not reflect the assets, liabilities or operations of member institutions whose operations the Corporation is financing in order to secure an orderly wind-down.

The policies adopted are set out below.

Premium recognition

Premiums are recognized when assessed and are based on insured deposits with member institutions as at April 30 of each year. Premiums are collectible in two equal instalments, on June 30 and December 31 of the year.

General provision for loss

The general provision for loss reflects the Corporation's best estimate of losses in respect of only those member institutions against which the Corporation has or is certain to have a financial claim. This estimate includes consideration of losses expected in respect of claims against insolvent member institutions arising from payments made to insured depositors and of loans made to member institutions and others under an agency or loan agreement.

Claims against insolvent member institutions and loans to member institutions and others, may be written-off in full or in part when, in the opinion of the Corporation, there is reasonable certainty that the claims and loans will not be fully realized. This would generally occur when a period of three years has elapsed since the intervention by the Corporation. The Corporation is required to exercise judgement in arriving at its decision to write-off all or a portion of its claims and loans. Also the amount written-off depends largely on the availability of reliable information regarding the amount the Corporation expects to lose with respect to a particular insolvent member institution.

Interest income recognition

The Corporation charges interest on loans advanced, directly or indirectly, by it in accordance with the specific terms of the loan agreements. It ceases to recognize interest income when an insolvent member institution is placed in liquidation or when there is a reasonable doubt as to the ultimate collectibility of the interest. When reasonable doubt is present, interest revenue is recognized only as cash is received.

3. Loans to member institutions and others

Under the general powers of subsection 10(1) of the CDIC Act, the Corporation has, under the provisions of loan agreements, made secured loans to member institutions and others. The outstanding loan balance as at December 31, 1990, for three (3) loans made prior to 1990, is $76.3 million (December 31, 1989: $111 million). The Corporation is presently accruing interest on $58.75 million of these loans. No interest is being accrued on the remaining $17.6 million since the ultimate collectibility of the interest is doubtful.

During the year, the Corporation entered into a new loan agreement to assist in the orderly winding-down of a member institution. In accordance with this agreement, advances were made during the year. As at December 31, 1990, a secured loan of $28.5 million is outstanding. The Corporation is not accruing interest on this loan since it is unlikely that interest will be recovered from this institution.

4. Claims against insolvent member institutions

Claims against insolvent member institutions arise through the subrogation of the rights and interests of the depositor when the Corporation pays that depositor's claim. The Corporation also asserts a claim against insolvent member institutions in liquidation, arising out of loans previously advanced by the Corporation. The Corporation has asserted claims against all its insolvent member institutions which were placed in liquidation.

5. General provision for loss

The following table provides details of the calculation of the general provision for loss as reflected on the balance sheet:

	1990	1989
	(in thousands of dollars)	
Balance, beginning of year	502,000	584,000
Provision for loss adjustment	(78,694)	(77,733)
	423,306	506,267
Less write-offs		
Claims against insolvent member institutions	90,812	4,267
Loans to member institutions and others	36,494	
	127,306	4,267
Balance, end of year	296,000	502,000

Last year, the Corporation stated that it was a claimant in a number of judicial actions arising out of the collapse or insolvency of various member institutions. During the year, certain major actions were settled. These settlements account for the major portion of the $78.694 million adjustment in 1990.

CANADA DEPOSIT INSURANCE CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

6. Loans from the Consolidated Revenue Fund

With the approval of the Governor in Council, the Corporation can borrow up to $3 billion from the Consolidated Revenue Fund.

As at December 31, 1990, the Corporation has $1,283 million in outstanding loans including accrued interest of $58 million (1989: $1,439 million including accrued interest of $64 million).

These loans bear interest at various annual rates ranging from 9.95% to 12.64% and are repayable according to the following schedule:

	(in thousands of dollars)
1991	276,000
1992	414,000
1993	395,000
1994	140,000
Accrued interest at December 31, 1990	58,000
	1,283,000

7. Premiums

At the request of the Corporation and in accordance with paragraph 21(1)(b) of the CDIC Act, the Governor in Council fixed the premium rate for the premium year 1990, at one-tenth of one percent of insured deposits, the same rate as in 1989.

8. Contingent liabilities

Exposure to loss in respect of member institutions

The financial condition of two related member institutions, one of which has substantial insured deposits, deteriorated during the year, which significantly increased the Corporation's exposure to loss. The Corporation is currently examining options to assist in a sale or a wind-down of these member institutions in a manner to meet its Statutory Objects. Presently, the Corporation does not have adequate information to estimate reasonably the amount of any loss that may result from a sale or wind-down. The loss, if any, will be accounted for as a charge to the Deposit Insurance Fund when it can be reasonably estimated.

In addition, during the year, the Corporation has provided an underlying guarantee of a $17 million secured liability of these members to their bank.

Litigation

The Corporation is a defendant in a number of judicial actions arising out of the collapse or insolvency of various member institutions. The Corporation does not believe it has any liability as a result of these actions and has therefore not provided for any potential claims.

9. Income taxes

The Corporation is subject to federal income taxes although it is not subject to taxation on premiums assessed and may not take a deduction for claims paid.

The Corporation has available losses which can be carried forward to reduce future years' earnings otherwise subject to taxation. Such losses total $782 million and expire as follows:

Originating taxation year	Expiring taxation year	Amount (in thousands of dollars)
1984	1991	44,000
1985	1992	81,000
1986	1993	85,000
1987	1994	167,000
1988	1995	165,000
1989	1996	156,000
1990	1997	84,000
		782,000

10. Insured deposits

Deposits insured by the Corporation, on the basis of returns received from member institutions, as at April 30, 1990 and 1989, were as follows:

	1990	1989
	(in billions of dollars)	
Federal Institutions	248	225
Provincial Institutions	22	20
	270	245

11. Long-term operating lease commitments

The Corporation has entered into a ten (10) year operating lease for its premises commencing October 1st, 1990 with an option for one renewal term of five (5) years. Minimum lease payments are as follow:

Year ending December 31	Amount $
1991	589,000
1992	652,000
1993	670,000
1994	676,000
1995	694,000
1996 to 2000	3,594,000
	6,875,000

12. Comparative figures

Certain of the 1989 figures have been reclassified to conform with the presentation adopted for 1990.

CANADA DEVELOPMENT INVESTMENT CORPORATION

AUDITORS' REPORT

TO THE MINISTER OF FINANCE

We have audited the consolidated balance sheet of Canada Development Investment Corporation as at December 31, 1990 and the consolidated statements of income (loss) and accumulated deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the corporation and of its wholly-owned subsidiaries that have come to our notice during our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, and the charters and by-laws of the corporation and its wholly-owned subsidiaries.

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada

Peat Marwick Thorne
Chartered Accountants

Toronto, Canada
March 19, 1991

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

ASSETS	1990	1989
Current assets		
Cash and short-term investments	35,168	64,453
Cash restricted as to use (Note 4)	5,500	68,830
Receivables	1,392	3,128
	42,060	136,411
Investments		
Non-consolidated subsidiaries, at cost (Note 5)	168,817	152,071
Other investments (Note 6)	395,898	360,624
	564,715	512,695
Deferred financing costs	3,276	5,530
Other assets	10,723	2,475
	620,774	657,111

LIABILITIES AND SHAREHOLDER'S EQUITY	1990	1989
Current liabilities		
Bank loan and short-term debt	39,954	
Accounts payable and accrued liabilities	51,416	118,637
Notes payable to Atomic Energy of Canada Limited (Note 5 (a))	158,432	141,748
Long-term debt payable within one year	94,901	18,143
	344,703	278,528
Long-term debt (Note 7)	464,949	531,048
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—Unlimited number of common shares		
Issued and fully paid—101 common shares	1	1
Contributed surplus (Note 8)	139,890	139,890
Accumulated deficit (Note 8)	(328,769)	(292,356)
	(188,878)	(152,465)
Contingencies (Note 9)		
	620,774	657,111

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

D. SHAVER
Director

PATRICK J. KEENAN
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF INCOME (LOSS) AND ACCUMULATED DEFICIT
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

	1990	1989
Net income of investee		
Cameco Corporation (Note 6)	35,274	9,055
	35,274	9,055
Expenses		
Corporate (income) expense, net (Note 10)	(11,140)	(2,691)
Financial expense, net (Note 7)	82,552	83,400
Provisions for losses and contingencies		
The de Havilland Aircraft of Canada, Limited		18,271
Cameco Corporation (Note 6)		202,431
	71,412	301,411
Net loss	(36,138)	(292,356)
Accumulated deficit, beginning of year	(292,356)	
Dividends	(275)	
Accumulated deficit, end of year	(328,769)	(292,356)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

	1990	1989
Operations		
Cash provided by corporate operations	12,008	4,513
Cash (used by) provided by Eldorado discontinued operations		(2,757)
Purchase of Ginn Publishing	(62)	(10,323)
	11,946	(8,567)
Financing		
Increase (decrease) in bank loan and short-term debt	39,954	(280,090)
Increase (decrease) in long-term debt	(9,666)	62,532
Interest and financing expenses net of amortization of foreign exchange losses	(71,519)	(57,387)
	(41,231)	(274,945)
Increase (decrease) in cash	(29,285)	(283,512)
Cash, beginning of year	64,453	347,965
Cash, end of year	35,168	64,453

For purposes of this statement, cash and increase (decrease) in cash includes cash and short-term investments and excludes cash transactions relating to cash restricted as to use.

The accompanying notes are an integral part of these consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990
(All dollar amounts are stated in thousands)

1. The corporation

Canada Development Investment Corporation ("the corporation") was incorporated on May 26, 1982 under the provisions of the Canada Business Corporations Act and is wholly-owned by Her Majesty in Right of Canada. The corporation is subject to the Financial Administration Act and is an agent of Her Majesty.

2. Activities of the corporation

In a statement dated October 30, 1984, the Minister of the Government of Canada ("Government") responsible for the corporation announced the intention of the Government to cause the corporation to dispose of its investments in Massey-Ferguson Limited ("Massey-Ferguson") now Varity Corporation ("Varity") and Massey-Combines Corporation ("Massey-Combines"), Canadair Limited ("Canadair"), The de Havilland Aircraft of Canada, Limited ("de Havilland") and Canada Eldor Inc. ("CEI") (formerly Eldorado Nuclear Limited) in an orderly fashion. Disposals of the corporation's investments in de Havilland and Canadair were completed in 1986. The remaining investment in Massey-Combines was written off in 1988. During 1988, the operating assets of CEI were transferred to Cameco Corporation ("Cameco") (formerly Cameco—A Canadian Mining & Energy Corporation) in exchange for notes and shares in Cameco. CEI now holds a 38.5% interest in Cameco (Note 6). The only significant continuing activities of CEI are the monitoring of its equity interest in Cameco and continuing the servicing of its debt.

The Government provides authorities and guarantees for the borrowing of CEI of $700,000 of which $558,371 is being utilized at December 31, 1990.

Since CEI's ability to generate future cash flows will depend primarily on future dividends received from and dispositions of its investment in Cameco, CEI's continued existence as a going concern will depend on its ability to obtain debt financing within the extent of its statutory borrowing limits, or future capital injections by the corporation or the Government.

During 1988, the corporation acquired the following two subsidiaries from Atomic Energy of Canada Limited ("AECL"):

(a) Nordion International Inc. ("Nordion") which holds the assets and operations of Radiochemical Company, formerly a division of AECL; and

(b) Theratronics International Limited ("Theratronics") which holds the assets and operations of the former Medical Products Division of AECL.

Pursuant to a directive received from the Government, the corporation acquired during 1989, a 51% interest in Ginn Publishing Canada Inc. ("Ginn Publishing") from Paramount Communications (Canada) Limited ("Paramount") (formerly Gulf + Western (Canada) Inc.).

Pursuant to an agreement entered into on December 17, 1990 by the corporation, the Governments of Canada and Ontario and Varity, Varity agreed to pay the corporation $7,813 in each of 1990 and 1993 and to maintain certain levels of employment in Canada through to May 1, 1993; the Governments agreed to terminate all prior agreements with Varity; and the corporation continues to have responsibility for monitoring Varity's compliance with the new employment requirements.

The Board of Directors of the corporation is continuing to develop approaches to the divestiture of the corporation's remaining investments and to assist the Government in implementing its privatization policies.

3. Significant accounting policies

(a) Basis of consolidation

The financial statements of Cartierville Financial Corporation Inc. ("Cartierville Financial") and CEI, both wholly-owned subsidiaries, have been consolidated with those of the corporation.

(b) Investments in non-consolidated subsidiaries

The corporation's investments in subsidiaries acquired with the objective of eventual disposition or privatization are accounted for using the equity basis, unless (i) there is a formal plan approved by the Government to dispose of the investment, in which case the investments are carried at the lower of the equity basis carrying value and net realizable value; or (ii) the earnings of the subsidiaries and/or gains or losses on dispositions do not accrue to the benefit of the corporation, in which case the investment is carried at the lower of cost and net realizable value. As at December 31, 1990, the corporation's investments in Nordion, Theratronics, and Ginn are carried at the lower of cost which is net realizable value, pursuant to accounting policy (ii) in the prior sentence.

A consolidation of the corporation's financial statements and such subsidiaries has not been prepared as the corporation believes that the adopted accounting method provides a more informative presentation to the shareholder.

(c) Other investments

The corporation's investment in Cameco, a company in which the corporation exercises significant influence, but not control, is accounted for using the equity method. Under this method, the net income (loss) recognized from the investment is the corporation's pro rata share of the investee's net income. Any dividends received will serve to reduce the carrying value of the investment.

Portfolio investments are carried at cost.

(d) Amortization of deferred financing costs

Debt discounts and issue expenses associated with long-term financing are deferred and amortized over the term of the debt.

(e) Foreign exchange

Long-term debt and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at year-end. Certain long-term debt (and related interest payments) payable in foreign currencies has been exchanged through swap agreements into other currencies. Such debt and interest expense is accounted for using exchange rates applicable to the currencies into which they have been swapped. Certain other debt (and/or related interest payments) payable in foreign currencies is hedged for periods of time using forward foreign exchange contracts. Unrealized translation gains and losses on such debt are offset by realized and unrealized translation losses and gains on the forward contracts. The premium on the forward contract is amortized over the term of the contract and is presented as interest expense in the statement of income (loss). Unrealized translation gains and losses on non-hedged long-term debt are deferred and amortized over the remaining term of the debt. All other translation gains and losses are included in the statement of income (loss) in the current period.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

4. Cash restricted as to use

These funds are held in a special account in the Consolidated Revenue Fund of Canada on a non-interest basis to satisfy payment of contingent liabilities relating to the sale of the corporation's investments in Canadair (see Note 9 (a)) and de Havilland.

As part of an omnibus agreement entered into on February 9, 1990, the corporation, Her Majesty The Queen in Right of Canada as represented by the Minister of Regional Industrial Expansion, The Boeing Company ("Boeing"), Boeing Canada Technology Ltd., and Boeing of Canada Ltd. (successor to the business of The de Havilland Aircraft of Canada, Limited), entered into an agreement whereby the corporation is no longer liable for any contingent liabilities or other expenditures arising from a purchase and sale agreement dated January 31, 1986 whereby the corporation sold its investment in de Havilland to Boeing. Pursuant to this agreement, the corporation paid Boeing of Canada Ltd. $63,000 during the year.

5. Investment in non-consolidated subsidiaries, at cost

The carrying values of the corporation's investments in subsidiaries are as follows:

	Carrying value December 31, 1990	Carrying value December 31, 1989
Ginn Publishing (b)	10,385	10,323
Nordion (a)	146,404	129,881
Theratronics (a)	12,028	11,867
	168,817	152,071

(a) Nordion and Theratronics

The share purchase agreement between AECL and the corporation requires the corporation to pay to AECL the fair market value of the shares of Nordion and Theratronics. The agreement also specifies that the fair market value will be estimated as at the date of transfer, but will subsequently be adjusted to an amount equal to the price ultimately received by the corporation in the subsequent privatization sale of Nordion and Theratronics. Furthermore, the agreement specifies that the corporation is not required to make payment of the purchase price to AECL until 60 days after the privatization sale.

Accordingly, AECL will ultimately receive the full proceeds realized upon privatization of Nordion and Theratronics, less the corporation's expenses associated with the privatization.

Thus, while the corporation has title to the shares of Nordion and Theratronics and executive management control over their operations prior to their privatization, the corporation did not acquire the normal risks and benefits associated with share ownership. Accordingly, the corporation has recorded its investment in Nordion and Theratronics at a deemed cost represented by the net book values of those companies at December 31, 1990 and 1989, with an off-setting non-interest bearing note payable to AECL, and has not recognized any income or loss on these investments.

(b) Investment in Ginn Publishing

Pursuant to a directive received from the Government, the corporation acquired during 1989, a 51% interest in Ginn Publishing from Paramount.

6. Other investments

	Carrying value December 31, 1989	Equity in income	Provision for loss	Carrying value December 31, 1990
Cameco	337,485	35,274		372,759
Varity	23,139			23,139
	360,624	35,274		395,898

Investment in Cameco

In connection with the sale of CEI's assets to Cameco in 1988, CEI took back as part of its consideration 3,850,000 common shares in Cameco, representing a 38.5% ownership interest. The shareholders intend to dispose of the shares in stages over the next five years. The ultimate recovery of the carrying value of the shares will depend on the outcome of the future dispositions of these shares.

During 1989, the spot market prices for uranium concentrate declined significantly. In light of this decline, the corporation re-evaluated the recoverability of its investment in Cameco through the privatization process described above and has concluded that it is unlikely that the corporation will recover the purchase price discrepancy component of its investment in Cameco. Accordingly, the corporation recorded a provision for the probable impairment in the value of this purchase price discrepancy in the 1989 statement of income (loss) of $202,431. The provision reduces the corporation's investment in Cameco to an amount approximately equal to the corporation's proportionate interest in Cameco's book value.

7. Long-term debt

	1990	1989
Notes due 1990, at 9.125%		10,093
Loan due 1991, at 4.75% (95,000 Swiss francs) (a)	86,355	71,355
Loan due 1992, at 6.5% (100,000 Swiss francs) (b)	53,269	53,269
Notes due 1992, at 14.5% ($100,000 U.S.) (c)	119,000	119,000
Bonds due 1992, at 5.25% (7,000,000 Japanese yen), with 1,000,000 Japanese yen due in 1991 (d)	59,829	64,400
Notes due 1993, at 11.75%	250,000	250,000
Sub-total	568,453	568,117
Less		
Current portion of long-term debt listed above	94,901	18,143
Deferred losses on foreign exchange	8,603	18,926
Total	464,949	531,048

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

(a) Through foreign exchange forward contracts, CEI has hedged its exposure to changes in the Swiss franc exchange rate through to maturity of the loan.

(b) Through a series of swap transactions, CEI has fixed the repayment of the loan due 1992, at a Canadian dollar amount of $53,269 and has fixed the interest rate at 17.15%.

(c) Through a series of swap transactions, CEI has fixed the repayment of the notes due 1992 at a Canadian dollar amount of $119,000 and has fixed the interest rate at 15.835%.

(d) Through foreign exchange forward contracts, CEI has hedged its exposure to changes in the Yen exchange rate through to February, 1991 on the bonds due 1992, and intends to continue this hedging program through to maturity of the bonds.

Long-term debt payments due in each of the next three calendar years are: 1991—$94,901; 1992—$223,552; 1993—$250,000.

Financial expense is composed of the following:

	1990	1989
Interest and other income	(1,277)	(4,409)
Interest expense		
Long-term debt	69,545	64,506
Other	2,555	3,011
Foreign exchange losses (gains)		
Amortization of deferred losses	10,323	12,642
Other		3,756
Other finance charges	1,406	3,894
	82,552	83,400

8. Accumulated deficit

Effective as of December 31, 1988, the corporation's shareholder approved the elimination of the December 31, 1988 accumulated deficit of $3,366,875 by a charge to contributed surplus.

9. Contingencies

(a) On December 23, 1986, the corporation sold its investment in Canadair Limited to Bombardier-Canadair Inc. The corporation and the Government have agreed to indemnify Bombardier-Canadair Inc. and Canadair Limited for certain contingent liabilities and other expenditures which may be incurred by Bombardier-Canadair Inc. and Canadair Limited over a maximum of five years from December 23, 1986, and for specified product related claims for fifteen years for which insurance coverage is unavailable or economically impracticable to obtain. Reasonable estimates of the effects, if any, of such indemnities cannot be made at this time. Such amounts will be recognized in future years, as appropriate, when reasonable estimates can be made as to the likely amount, if any, which will ultimately be paid pursuant to the indemnities.

(b) Under the terms of the agreement between CEI and Cameco, CEI and Cameco agreed on a formula for sharing any future joint costs, excluding normal operating costs, related to certain specified existing wastes accumulated by CEI to October 5, 1988, the date of transfer of assets. Cameco assumed liability for the first $2,000 of joint costs. The next $98,000 in joint costs will be shared 23/98ths by Cameco, 75/98ths by CEI. CEI assumed liability for joint costs in excess of $100,000.

CEI will accrue for these costs on an annual basis, when reasonable estimates are available.

(c) The corporation is the defendant in certain litigation. While the amount of any ultimate liability cannot yet be determined, the corporation, after discussion with legal counsel, is of the opinion that there will be no material adverse effect on its financial position.

10. Corporate (income) expense, net

	1990	1989
Interest earned on short-term investments and notes receivable	(3,661)	(2,901)
Other income	(10,857)	(3,055)
	(14,518)	(5,956)
Corporate and divestiture expenses	3,433	4,555
	(11,085)	(1,401)
Recovery of divestiture expenses incurred in prior years	(55)	(1,290)
Net operating (income) expense	(11,140)	(2,691)

11. Income tax

As at December 31, 1990, Cartierville Financial has tax losses of $92,700 available to reduce taxable income, expiring as follows:

1991	92,500
1994	200
	92,700

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1

NORDION INTERNATIONAL INC.

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the consolidated balance sheet of Nordion International Inc. as at December 31, 1990 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company, as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

We further report that, in our opinion, the transactions of the Company that have come to our notice in the course of our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the charter and by-laws of the Company and any directives given to the Company.

Peat Marwick Thorne
Chartered Accountants

Ottawa, Canada
January 31, 1991

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1990
(with comparative information at December 31, 1989)
(in thousands of dollars)

ASSETS	1990	1989
Current assets		
Cash and short-term investments	20,272	28,564
Accounts receivable	17,476	16,253
Inventory (Note 2)	75,663	36,308
	113,411	81,125
Plant and property (Note 3)	55,091	40,262
Deferred charges (Note 4)	42,925	34,914
Investment (Note 5)	2,081	
	213,508	156,301

LIABILITIES AND SHAREHOLDER'S EQUITY	1990	1989
Current liabilities		
Accounts payable and accrued liabilities	54,313	18,784
Deferred revenue	2,497	2,601
	56,810	21,385
Long-term liabilities (Note 6)	7,744	3,795
Deferred income taxes	2,550	1,240
	67,104	26,420
SHAREHOLDER'S EQUITY		
Capital stock (Notes 7 and 9)	96,310	96,310
Retained earnings, per accompanying statement	50,094	33,571
	146,404	129,881
Commitments (Note 10)		
	213,508	156,301

See accompanying notes to consolidated financial statements.

On behalf of the Board:

W. R. TESCHKE
Director

W. P. O'NEIL
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1—*Continued*

NORDION INTERNATIONAL INC.—*Continued*

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1990
(with comparative information for 1989)
(in thousands of dollars)

	1990	1989
Sales	107,640	113,115
Cost of goods sold	69,593	69,387
Gross margin	38,047	43,728
Operating expenses		
Selling and marketing	8,237	7,420
Product development	3,189	3,901
Administration	10,849	10,030
Operating expenses	22,275	21,351
Operating income	15,772	22,377
Loss in equity investment	(603)	
Other income	4,630	2,877
Income before income taxes	19,799	25,254
Income taxes (Note 8)	3,276	1,360
Net income	16,523	23,894

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1990
(with comparative information for 1989)
(in thousands of dollars)

	1990	1989
Retained earnings, beginning of year	33,571	10,627
Net income for the year	16,523	23,894
Dividends paid		(950)
Retained earnings, end of year	50,094	33,571

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990
(with comparative information for 1989)
(in thousands of dollars)

	1990	1989
Cash from operations		
Net income	16,523	23,894
Non-cash expenses and other operating items	5,676	6,315
	22,199	30,209
(Increase) decrease in non-cash operating working capital	(3,075)	11,508
Cash from operations	19,124	41,717
Cash invested		
Plant and property	5,335	6,361
Deferred charges	9,188	10,778
New business acquisitions	12,631	
Cash invested	27,154	17,139
Financing activities		
Repayment of loans payable	262	243
Dividends		950
Cash used in financing activities	262	1,193
Increase (decrease) in cash during the year	(8,292)	23,385
Cash and short-term investments, beginning of year	28,564	5,179
Cash and short-term investments, end of year	20,272	28,564

See accompanying notes to consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1—*Continued*

NORDION INTERNATIONAL INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990
(All dollar amounts are stated in thousands)

Nordion International Inc. ("the Company") is incorporated under the Canada Business Corporations Act and is subject to the Financial Administration Act and the Government Corporations Operations Act. The primary business of the Company is the production and sale of radioisotopes, capital equipment and related technology for segments of the international health care market. The Minister of State for Privatization has announced the government's intention to sell the Company to the private sector, however no assessment of the potential impact of privatization has been made or reflected in these financial statements.

1. Accounting policies

Significant accounting policies are summarized below:

(a) Basis of presentation

The consolidated financial statements of the Company include the accounts of its wholly-owned Belgian subsidiary, Nordion Europe s.a. accounted for as a self-sustaining enterprise. The investment of the Company in CyberFluor Inc. is accounted for using the equity method.

(b) Plant and property

Plant and property is recorded at cost and depreciated on a straight-line basis over the estimated useful life of the underlying assets, as follows:

Buildings and site services	25 to 30 years
Other plant and equipment	3 to 10 years

(c) Decommissioning and waste disposal costs

Future decommissioning costs of nuclear facilities and waste disposal costs cannot be quantified due to uncertainty as to their exact nature and timing. Accordingly, the Company expenses these costs when incurred.

(d) Inventory

Inventory is valued at the lower of average cost and replacement cost. Decay of radioactive inventory is expensed as it occurs. Cobalt-60 inventory is recorded on discharge from reactors. The Company records advance payments, required under certain contractual circumstances, as in-reactor inventory.

(e) Deferred charges

Costs of modifications to production facilities owned by others to permit isotope production are deferred and amortized over the minimum contractual production period.

(f) Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Company's contributions to the plan are limited to matching the employees' contributions on account of current service. These payments are charged to income on a current basis and represent the total pension obligations of the Company.

(g) Employee termination benefits

Employees are entitled to specific termination benefits defined under collective agreements and conditions of employment. The amount provided represents the vested portion.

(h) Revenue recognition

Revenue is recognized at the time of shipment of goods to the customer, with the exception of major equipment sales, where a portion of revenue is deferred pending installation at the customer's premises.

2. Inventory

	1990	1989
Raw materials and supplies	58,851	23,524
In-reactor inventory	8,954	5,923
Work-in-process	3,701	1,558
Finished goods	4,157	5,303
	75,663	36,308

3. Plant and property

	Cost	Accumulated depreciation	Net book value 1990	Net book value 1989
Land	305		305	305
Site services	1,107	727	380	338
Buildings	34,184	10,287	23,897	23,903
Machinery and equipment	40,887	10,378	30,509	15,716
	76,483	21,392	55,091	40,262

Depreciation totalling $3,161 (1989—$2,757) was recorded during the year.

4. Deferred charges

	Cost	Amortization	Net book value 1990	Net book value 1989
Reactors	42,837	7,346	35,491	30,478
Cyclotron	8,672	2,439	6,233	4,088
Leasehold improvements	921		921	
Other	562	282	280	348
	52,992	10,067	42,925	34,914

Amortization totalling $2,135 (1989—$2,030) was recorded during the year.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1—*Continued*

NORDION INTERNATIONAL INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

5. Acquisition and investment

(a) Acquisition

Under the terms of the Asset Purchase Agreement, (the "Agreement") effective November 30, 1990, Nordion Europe s.a. acquired certain assets related to the manufacture and distribution of radiochemical and radiopharmaceutical products. Fair market values assigned are as follows:

Plant and property	12,847
Inventory	1,880
Other assets	1,156
	15,883

The cash consideration on closing was $9,947 and the remaining $5,936 is payable in 1993, subject to certain conditions being fulfilled. The first year-end of Nordion Europe s.a. was November 30, 1990. This acquisition has been accounted for using the purchase method. The Agreement includes additional commitments totalling $5,809 for cyclotron and related construction in Belgium during 1991.

(b) Investment

During the year the Company acquired 47.5% of the outstanding common shares of CyberFluor Inc. at a cost of $2,684. The Company has a further commitment to acquire an additional 2,500,000 common shares at one dollar per share in 1991.

6. Long-term liabilities

	1990	1989
Amount payable (Note 5)	5,936	
Employee termination benefits	1,302	3,027
Loans payable	506	768
	7,744	3,795

The amount payable is non-interest bearing and is due November 30, 1993. The loans payable are due to AECL and bear interest rates from 6 11/16% to 7 5/8% with final payments due in August 1992. Principal repayments amount to $281 and $225 in 1991 and 1992 respectively.

7. Related party transactions

(a) Nordion International Inc. was incorporated initially as a wholly-owned subsidiary of Atomic Energy of Canada Limited ("AECL"). Assets and liabilities were transferred from AECL to the Company in exchange for 100,000 common shares. Since the transaction occurred between companies under common control, a value of $96,310 was assigned to capital stock for accounting purposes representing the net book value of the assets and liabilities transferred. The effective date of these transactions was July 1, 1988. As at September 30, 1988, all of the outstanding common shares were sold to Canada Development Investment Corporation ("CDIC").

(b) Transactions with companies controlled directly and indirectly by the Government of Canada for manufactured products, processed raw materials and related services included purchases of $21,594 (1989—$16,427) and sales of $1,615 (1989—$2,145). At December 31, 1990, $3,206 (1989—$2,494) was recorded as accounts payable and $355 (1989—$430) as accounts receivable.

8. Income taxes

The Company became subject to federal income taxes effective September 30, 1988. As a wholly-owned subsidiary of a federal Crown corporation, the Company is not subject to provincial income taxes.

The Company's effective tax rate is made up as follows:

	1990	1989
Net federal statutory rate	28.0%	28.0%
Manufacturing and processing deduction	(3.5)%	(2.5)%
Surtax	0.8%	0.8%
Large corporations tax	1.0%	0.5%
Permanent differences	(9.9)%	(21.4)%
Effective rate of income tax	16.4%	5.4%

Permanent differences, which arose from differences in tax and accounting values of the assets and liabilities of the Company at the date it became subject to income taxes totalling $10,249 (1989—$18,116) remain available to reduce future years' taxable income.

The components of the provision for income taxes are as follows:

	1990	1989
Current	1,966	120
Deferred	1,310	1,240
	3,276	1,360

Investment tax credits totalling $1,000 were recorded in 1990, $826 as other income and $174 as a reduction of the cost of plant and property.

9. Capital stock

The authorized capital stock of the Company consists of an unlimited number of no par value common shares. Issued and outstanding shares total 100,000.

10. Commitments

(a) The Company has commitments to purchase Cobalt-60 produced in nuclear generating stations for various periods to the year 2003. Annual payments are expected to range between $10,000 and $40,000 in each of the next five years.

(b) The Company is committed to AECL to make capital contributions for isotope production facilities in the amount of $1,850 during 1991.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1—*Concluded*

NORDION INTERNATIONAL INC.—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

11. Sales agents' remuneration

During the period, the Company paid sales commissions totalling $1,136 (1989—$806) to the following agents: Bio Nuclear Diagnostica Industrial E. Comercio Ltda., Brazil; Eastronics Limited, Israel; Electromitry, Egypt; IGE (India) Limited, India; Internacional de Energia Nuclear s.a. de c.v., Mexico; Jacobson Van Den Berg (Hong Kong) Ltd., Hong Kong; Jodan Technology Inc., USA; Kostas Karayannis s.a., Greece; Marubeni Corporation, Japan; Modern Scientific & Electronic Corporation, Saudi Arabia; PT Sanga Kencana International, Indonesia; Radiotherapy & Medical Systems Pty. Ltd., Australia; Scitech Medical Products Ltd., Singapore; Societa Lombarda Di Televisione s.r.l., Italy; Spring Port Taiwan Limited, Taiwan, Republic of China; Tamathe s.a., Argentina; Tec-Rad Tecnologia Em Radiacao Ltda., Brazil.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 2

THERATRONICS INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the consolidated balance sheet of Theratronics International Limited as at December 31, 1990 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, the transactions of the Company that have come to our notice in the course of our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the charter and by-laws of the Company and any directives given to the Company.

Peat Marwick Thorne
Chartered Accountants

Ottawa, Canada
February 25, 1991

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1990
(with comparative figures for December 31, 1989)
(in thousands of dollars)

ASSETS	1990	1989
Current assets		
Cash	1,573	2,542
Accounts receivable	12,245	6,668
Inventories (Note 3)	11,038	13,100
Prepaid expenses	510	537
	25,366	22,847
Capital assets (Note 4)	2,763	2,427
In-reactor cobalt inventory	1,576	955
Goodwill (net of amortization of $45)	1,303	
Notes receivable	760	
	31,768	26,229

LIABILITIES AND SHAREHOLDER'S EQUITY	1990	1989
Current liabilities		
Accounts payable and accrued liabilities	12,499	9,333
Deferred revenue	3,158	2,729
Bank loan (Note 5)	1,553	
	17,210	12,062
Employee termination benefits	2,231	2,300
Minority interest	299	
SHAREHOLDER'S EQUITY		
Share capital (Note 6)	9,588	9,588
Retained earnings	2,440	2,279
	12,028	11,867
Commitments (Note 10)		
	31,768	26,229

See accompanying notes to consolidated financial statements.

On behalf of the Board:

W. R. TESCHKE
Director

H.M.F. WARLAND
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 2—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

	1990	1989
Sales	54,586	46,782
Cost of goods sold	38,332	33,705
	16,254	13,077
Operating expenses		
Marketing	3,686	3,330
Administration	7,057	4,861
Research and development	2,148	649
Product support	721	1,680
	13,612	10,520
Operating income	2,642	2,557
Minority interest	(341)	
Severance expense	723	
Service inventory write-down (Note 3)	2,099	
	2,481	
Net earnings (Note 7)	161	2,557

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

	1990	1989
Retained earnings, beginning of year	2,279	62
Net earnings	161	2,557
Dividends		(340)
Retained earnings, end of year	2,440	2,279

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

	1990	1989
Cash provided by (used in)		
Operations		
Net earnings	161	2,557
Service inventory write-down	2,099	
Depreciation	649	520
Minority interest	(341)	
Amortization of goodwill	45	
	2,613	3,077
Increase in operating working capital (Note 8)	(4,897)	704
	(2,284)	3,781
Investments		
Issuance of notes receivable	(692)	
Acquisition of equipment	(747)	(1,231)
Acquisition of in-reactor cobalt	(621)	(955)
	(2,060)	(2,186)
Financing		
Proceeds (repayment) demand loan	1,553	(400)
Payment of dividends		(340)
Payment of termination benefits	(584)	
	969	(740)
Increase (decrease) in cash	(3,375)	855
Cash, beginning of year	2,542	1,687
Acquisition of MHTI net asset position represented by cash (Note 2(i))	2,406	
Cash, end of year	1,573	2,542

See accompanying notes to consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 2—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990
(All dollar amounts are stated in thousands)

Theratronics International Limited ("Theratronics") is incorporated under the Canada Business Corporations Act and is subject to the Financial Administration Act. The primary business of Theratronics is the manufacture, sales and service of radiotherapy and related equipment and services to hospitals and medical institutions around the world. The Minister of State for Privatization has announced the government's intention to sell the Company to the private sector. No assessment of the potential impact of privatization has been made or reflected in the consolidated financial statements.

1. Significant accounting policies

Significant accounting policies are summarized below:

(a) Basis of consolidation

The consolidated financial statements include the accounts of Theratronics International Limited and its subsidiary Medical High Technology Inc. ("MHTI") and MHTI's subsidiary Meicor Inc. for the eight-month period then ended.

(b) Capital assets

Capital assets are recorded at cost and depreciated on a straight-line basis over the estimated useful life of the underlying assets, as follows:

Site service	15 years
Building	25 to 30 years
Furniture and fixtures	5 years
Leasehold improvements	3 years
Machinery and equipment	3 to 10 years

(c) Inventories

Work-in-process and finished goods inventories are valued at the lower of cost and estimated net realizable value. Raw material, service inventory, and accelerator product parts are valued at the lower of cost and replacement cost. Cost is determined on a first-in first-out basis and includes material, labour and manufacturing overhead where applicable. Decay of radioactive inventory is expensed as it occurs.

Cobalt-60 inventory is recorded on discharge from reactors. The Company records advance payments, required under certain contractual circumstances, as in-reactor cobalt inventory.

(d) Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Company's contributions to the plan are limited to matching the employees' contributions on account of current service. These payments are charged to income on a current basis and represent the total pension obligations of the Company.

(e) Employee termination benefits

Employees are entitled to specific termination benefits defined under collective agreements and conditions of employment. The amount provided to cover this liability incudes a vested portion, covering employee service to date, and a non-vested portion covering anticipated future service and inflation. These benefits are recorded on the basis of actuarial assumptions as to future events.

(f) Warranty provision

A provision is recorded for estimated warranty costs at the time of product sale.

(g) Revenue recognition

Revenue from the sale of radiotherapy units and related equipment is recognized upon shipment. Revenue from field services is recognized at the time services are rendered. Revenue from service contracts is recognized on a straight-line basis over the term of the contract.

(h) Goodwill

Goodwill is being amortized on a straight-line basis over a period of 17 years.

2. Business acquisitions

Effective May 1, 1990, the Company increased its common share ownership in MHTI from 48% to 51% through the conversion of preferred shares. Concurrently, the Company loaned U.S. $2,000 to MHTI to allow MHTI to acquire a 65% controlling interest in Meicor Inc. for U.S. $2,000. The consolidated statement of earnings includes the operations of MHTI and Meicor Inc. for the eight-month period ended December 31, 1990.

(i) MHTI was formed in 1982 to provide equipment maintenance services on CT Scanners and in 1988 developed interactive software known as the CT-SIM. The acquisition of MHTI has been accounted for by the purchase method. Details of the acquisition are as follows:

Net assets acquired, at assigned fair values	
Non-cash current assets	1,863
Capital assets	238
Patent rights	26
Other	42
Goodwill arising on Meicor Inc. acquisition	1,348
	3,517
Current liabilities	(2,766)
Long-term debt	(2,517)
Minority interest	(640)
	(5,923)
Net asset position acquired represented by cash in MHTI	2,406
Consideration given	

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 2—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Continued*

(ii) Meicor Inc., incorporated in 1986, is a development stage company which owns the technology proprietary designs, patents and manufacturing and distribution rights to an array of air-cooled metal-ceramic x-ray tubes. The acquisition of Meicor Inc. by MHTI has been accounted for by the purchase method. Details of the acquisition are as follows:

Net assets acquired, at assigned fair values	
Cash	2,303
Capital assets	77
Patent rights	9
	2,389
Current liabilities	(576)
Minority interest	(640)
	1,173
Cash consideration given	2,320
Excess of consideration given over assigned values of net assets acquired	
—Goodwill on date of acquisition	1,147
Acquisition costs incurred by MHTI	201
Goodwill	1,348

3. Inventories

	1990	1989
Service inventory	2,812	4,705
Manufacturing		
Raw materials	3,399	3,701
Work-in-process	2,188	2,597
Finished goods	1,528	1,289
Cobalt 60	1,111	808
	11,038	13,100

The radiotherapy industry demands timely response to customer needs for product and warranty service. Accordingly, the service inventory is maintained by the Company to provide an adequate service level to worldwide customers and based on the Company's estimate of usage and the customers' anticipated level of service and requirements, the carrying value of this inventory was written down during the current year by $2,099 and charged to the statement of earnings.

4. Capital assets

	Cost	Accumulated depreciation	Net book value 1990	Net book value 1989
Land	304		304	304
Site service	372	219	153	140
Buildings	3,473	3,085	388	153
Machinery and equipment	6,048	4,217	1,831	1,830
Furniture and fixtures	287	216	71	
Leasehold improvements	25	9	16	
	10,509	7,746	2,763	2,427

5. Bank loan

The Company's bank loan is an unsecured revolving line of credit which bears interest at the bank's prime rate.

6. Share capital

The authorized capital stock of the company consists of an unlimited number of no par valued common shares with issued and outstanding shares totalling 10,000.

7. Income taxes

Initially the Company, as a division and then a subsidiary of Atomic Energy of Canada Limited ("AECL"), was exempt from income taxes. However, as a wholly-owned subsidiary of Canada Development Investment Corporation ("CDIC"), this exemption does not apply and the Company became subject to federal income taxes effective September 30, 1988. As a wholly-owned subsidiary of a Federal Crown corporation, the Company is not subject to provincial income taxes.

The Company's expected income tax rate is the net Federal statutory rate (including surtax) of 31% less the applicable manufacturing and processing deduction of 3.5%. The 1990 effective tax rate is zero due to the utilization by the Company of the permanent differences related to the assets of the Company at the date it became subject to income taxes. Permanent differences totalling $7,619 (1989—$9,446) remain available to reduce future years' taxable income.

8. Operating working capital

The changes in operating working capital is comprised of:

	1990	1989
Accounts receivable	(5,154)	(531)
Inventories	1,357	(2,039)
Prepaid expenses	71	(150)
Accounts payable and accrued liabilities	(1,638)	3,633
Deferred revenue	(48)	(639)
Employee termination benefits	515	430
	(4,897)	704

9. Related party transactions

(a) Theratronics International Limited was incorporated initially as a wholly-owned subsidiary of AECL. Assets and liabilities were transferred from AECL to the Company in exchange for 10,000 common shares. Since the transaction occurred between companies under common control, a value of $9,588 was assigned to capital stock for accounting purposes representing the net book value of the assets and liabilities transferred. The effective date of these transactions was July 1, 1988. As of September 30, 1988, all of the outstanding common shares were sold to CDIC.

(b) AECL and Nordion International Inc. ("Nordion"), a corporation controlled by CDIC, provide the Company with services and cobalt sources. Total purchases of goods and services in the year were $3,578 (1989—$3,703). At December 31, 1990, $551 of these purchases were included in accounts payable.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 2—*Concluded*

THERATRONICS INTERNATIONAL LIMITED—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

The Company provides Nordion with manufactured products and accelerator product support on behalf of AECL. Total sales of goods and services in the year were $7,132 (1989—$7,372). At December 31, 1990, $1,308 of these sales were included in accounts receivable.

(c) On June 6, 1990, an Asset Purchase Agreement between Nordion and the Company for the purchase of Nordion's bulk cobalt business was entered into by Nordion and the Company. The Company acquired certain cobalt and transportation packaging inventories, customer lists and the exclusive right to carry on the business in the continuation of and succession to Nordion.

10. Commitments

(a) Minimum lease payments in accordance with lease commitments are as follows:

1991	1,117
1992	937
1993	830
1994	349
Thereafter	730
	3,963

(b) The Company has a commitment, estimated at $18,900 to purchase cobalt 60 from AECL produced at its Chalk River nuclear laboratory to the year 2008.

(c) The Company has a commitment of approximately $5,500 to purchase CT-SIM units from MHTI over a 28 month period ending April 30, 1993.

11. Sales agents' remuneration

During the year ended December 31, 1990 the Company paid sales commissions totalling $1,822 to the following agents: Kostas Karayansissa, Greece; Medtel Pty. Limited, Australia; Equipo Pare Hospitales SA, Mexico; Kamol Sukosol Electric Co. Ltd., Thailand; Tecnologia EM Radiocoa Ltda., Brazil; Watsons & Sons (E.M.) Limited, Nigeria; Radiotherapy-Medical Systems PTY Ltd., Australia; General Marketing and Manufacturing Co. Ltd., India; General Machinery Co. Ltda., Chile; Bureautique Communications Organization Ltd., Channel Islands; Aristons (PVT) Ltd., Sri Lanka; General Medica de Columbia Ltd., Columbia; Meditel Medikal Elektronik Ltd., Turkey; L.H.S. Communications Ltd., Jamaica; Baron Technologies Inc., Korea; Indexport de Ecuador CIA Ltda., Ecuador; Philips Medizin Systeme GMBH, West Germany; Dada, El Salvador; Mems, South Africa; Nucletron International B.V., Netherlands; M.L. Sethi, India; Springport Taiwan Ltd., Taiwan.

12. Comparative figures

Certain 1989 figures have been reclassified to conform with the current year's financial statement presentation.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

AUDITORS' REPORT

TO THE MINISTER OF FINANCE

We have examined the consolidated balance sheet of Canada Development Investment Corporation as at December 31, 1989 and the consolidated statements of income (loss) and accumulated deficit, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in method of accounting for inventories made by an investee company, Cameco - A Canadian Mining and Energy Corporation, as described in Note 4 to the financial statements, on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the corporation and of its wholly-owned subsidiaries that have come to our notice during our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, and the charters and by-laws of the corporation and its wholly-owned subsidiaries.

Ottawa, Canada

Kenneth M. Dye, FCA
Auditor General of Canada

Toronto, Canada
March 15, 1990

Peat Marwick
Chartered Accountants

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1989
(with comparative figures for 1988)
(in thousands of dollars)

ASSETS	1989	1988 (Restated - see Note 4)
Current assets		
Cash and short-term investments	64,453	347,965
Cash restricted as to use (Note 5)	68,830	68,830
Receivables	3,128	2,755
	136,411	419,550
Investments		
Non-consolidated subsidiaries, at cost (Note 6)	152,071	116,587
Other investments (Note 7)	360,624	554,000
	512,695	670,587
Deferred financing costs	5,530	4,401
Other assets	2,475	741
	657,111	1,095,279

LIABILITIES AND SHAREHOLDER'S EQUITY	1989	1988 (Restated - see Note 4)
Current liabilities		
Bank loan and short-term debt		280,090
Accounts payable and accrued liabilities	118,637	107,481
Notes payable to Atomic Energy of Canada Limited (Note 6 (a))	141,748	116,587
Long-term debt payable within one year	18,143	132,629
	278,528	636,787
Long-term debt (Note 8)	531,048	318,601
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—Unlimited number of common shares		
Issued and fully paid—101 common shares	1	1
Contributed surplus (Notes 4 and 9)	139,890	139,890
Accumulated deficit (Notes 4 and 9)	(292,356)	
	(152,465)	139,891
Contingencies (Note 10)		
	657,111	1,095,279

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

W. D. McKEOUGH
Director

D. SHAVER
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF INCOME (LOSS) AND ACCUMULATED DEFICIT
YEAR ENDED DECEMBER 31, 1989
(with comparative figures for 1988)
(in thousands of dollars)

	1989	1988 (Restated - see Note 4)
Net income (loss) of subsidiaries and investees		
Cameco (Notes 4 and 7)	9,055	8,075
Eldorado Nuclear Limited (January 1 to September 30, 1988)		(35,341)
	9,055	(27,266)
Expenses		
Corporate (income) expense, net (Note 11)	(2,691)	126
Financial expense, net (Note 8)	83,400	8,589
Provisions for losses and contingencies		
The de Havilland Aircraft of Canada, Limited (Note 13)	18,271	
Cameco—A Canadian Mining and Energy Corporation (Note 7)	202,431	
Massey-Combines Corporation		1
Eldorado Nuclear Limited ("Eldorado")		47,380
	301,411	56,096
Net loss	(292,356)	(83,362)
Accumulated deficit, beginning of year as restated (Note 4)		(3,280,479)
Dividends		(3,034)
	(292,356)	(3,366,875)
Accumulated deficit charged against contributed surplus (Notes 4 and 9)		3,366,875
Accumulated deficit, end of year	(292,356)	

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS
YEAR ENDED DECEMBER 31, 1989
(with comparative figures for 1988)
(in thousands of dollars)

	1989	1988 (Restated - see Note 4)
Balance, beginning of year	139,890	3,506,765
Charge from accumulated deficit as restated (Notes 4 and 9)		3,366,875
Balance, end of year	139,890	139,890

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1989
(with comparative figures for 1988)
(in thousands of dollars)

	1989	1988 (Restated - see Note 4)
Operations		
Cash provided by (used by) corporate expenses (income)	4,513	(70)
Cash (used by) provided by Eldorado discontinued operations	(2,757)	20,265
Purchase of Ginn Publishing	(10,323)	
Proceeds received on termination of Canadair royalty agreement		20,000
Sale of notes receivable and other investments		3,209
Proceeds received on disposition of operating assets of Eldorado		293,879
	(8,567)	337,283
Dividend paid		(3,034)
	(8,567)	334,249
Financing		
Increase (decrease) in bank loans	(280,090)	137,936
Increase (decrease) in long-term debt	62,532	(123,827)
Interest and financing expenses net of amortization of foreign exchange losses	(57,387)	(8,835)
Decrease in accrued interest and other		824
	(274,945)	6,098
Increase (decrease) in cash	(283,512)	340,347
Cash, beginning of year	347,965	7,618
Cash, end of year	64,453	347,965

For purposes of this statement, cash and increase (decrease) in cash includes cash and short-term investments and excludes cash transactions relating to cash restricted as to use.

The accompanying notes are an integral part of these consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1989
(All dollar amounts are stated in thousands)

1. The corporation

Canada Development Investment Corporation ("the corporation") was incorporated on May 26, 1982 under the provisions of the Canada Business Corporations Act and is wholly-owned by Her Majesty in Right of Canada. The corporation is subject to the Financial Administration Act and is an agent of Her Majesty.

2. Activities of the corporation

In a statement dated October 30, 1984, the Minister of the Government of Canada ("Government") responsible for the corporation announced the intention of the Government to cause the corporation to dispose of its investments in Massey-Ferguson Limited ("Massey-Ferguson") now Varity Corporation ("Varity") and Massey-Combines Corporation ("Massey-Combines"), Canadair Limited ("Canadair"), The de Havilland Aircraft of Canada, Limited ("de Havilland") and Canada Eldor Inc. ("CEI") (formerly Eldorado Nuclear Limited) in an orderly fashion. Disposals of the corporation's investments in de Havilland and Canadair were completed in 1986. The remaining investment in Massey-Combines was written off in 1988. During 1988, the operating assets of CEI were transferred to Cameco - A Canadian Mining and Energy Corporation ("Cameco") in exchange for notes and shares in Cameco. CEI now holds a 38.5% interest in Cameco (Note 7). The only significant continuing activities of CEI are the monitoring of its equity interest in Cameco and continuing the servicing of its debt.

The Government provides authorities and guarantees for the borrowing of CEI of $700,000 of which $522,652 is being utilized at December 31, 1989.

Since CEI's ability to generate future cash flows will depend primarily on future dividends received from and dispositions of its investment in Cameco, CEI's continued existence as a going concern will depend on its ability to obtain debt financing within the extent of its statutory borrowing limits, or future capital injections by the corporation or the Government.

During 1988, the corporation acquired the following two subsidiaries from Atomic Energy of Canada Limited ("AECL"):

(a) Nordion International Inc. ("Nordion") which holds the assets and operations of Radiochemical Company, formerly a division of AECL; and

(b) Theratronics International Limited ("Theratronics") which holds the assets and operations of the former Medical Products Division of AECL.

Pursuant to a directive received from the Government, the corporation acquired, on May 26, 1989, a 51% interest in Ginn Publishing Canada Inc. ("Ginn Publishing") which owns the business of Ginn + Company and GLC Publishers Limited ("GLC") from Paramount Communications (Canada) Limited ("Paramount") (formerly Gulf + Western (Canada) Inc.).

The Board of Directors of the corporation is continuing to develop approaches to the divestiture of the corporation's remaining investments and assist the Government in implementing its privatization policies.

3. Significant accounting policies

(a) Basis of consolidation

The financial statements of Cartierville Financial Corporation Inc. ("Cartierville Financial") and CEI, both wholly-owned subsidiaries, have been consolidated with those of the corporation. (CEI for the period commencing October 1, 1988).

Earnings of CEI for the period from January 1, 1988 to September 30, 1988 (the period prior to the disposition of CEI's operating assets to Cameco (Note 7)) have been accounted for using the equity method pursuant to the accounting policy discussed below.

(b) Investments in non-consolidated subsidiaries

The corporation's investments in subsidiaries acquired with the objective of eventual disposition or privatization are accounted for using the equity basis, unless (i) there is a formal plan, approved by the Government to dispose of the investment, in which case the investments are carried at the lower of the equity basis carrying value and net realizable value; or (ii) the earnings of the subsidiaries and/or gains or losses on dispositions do not accrue to the benefit of the corporation, in which case the investment is carried at the lower of cost and net realizable value. As at December 31, 1989, the corporation's investments in Nordion, Theratronics, and Ginn are carried at the lower of cost which is net realizable value, pursuant to accounting policy (ii) in the prior sentence.

A consolidation of the corporation's financial statements and such subsidiaries has not been prepared as the corporation believes that the adopted accounting method provides a more informative presentation to the shareholder.

(c) Other investments

The corporation's investment in Cameco, a company in which the corporation exercises significant influence, but not control, is accounted for using the equity method. Under this method, the net income (loss) recognized from the investment is the corporation's pro rata share of the investee's net income, less amortization and/or write-off of any purchase price discrepancy (which is the excess of the cost of the investment over the underlying net book value). Any dividends received will serve to reduce the carrying value of the investment; and any restatements of prior period's financial statements by Cameco are reflected in the carrying value of the investment, to the extent that they apply to periods subsequent to the corporation's initial investment in Cameco.

Portfolio investments are carried at cost.

(d) Amortization of deferred financing costs

Debt discounts and issue expenses associated with long-term financing are deferred and amortized over the term of the debt.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1989—*Continued*

(e) Foreign exchange

Long-term debt and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at year-end. Certain long-term debt (and related interest payments) payable in foreign currencies has been exchanged through swap agreements into other currencies. Such debt and interest expense is accounted for using exchange rates applicable to the currencies into which they have been swapped. Certain other debt (and/or related interest payments) payable in foreign currencies is hedged for periods of time using forward foreign exchange contracts. Unrealized translation gains and losses on such debt are offset by realized and unrealized translation losses and gains on the forward contracts. The premium on the forward contracts is amortized over the terms of the contracts and is presented as interest expense in the statement of income (loss). Unrealized translation gains and losses on non-hedged long-term debt is deferred and amortized over the remaining term of the debt. All other translation gains and losses are included in the statement of income (loss) in the current period.

4. Changes in inventory valuation

An investee company, Cameco, has changed its method of accounting for inventories. Previously, all costs of mining and milling activities of Cameco were allocated to finished uranium concentrates inventory. Under this new method, mining costs are now allocated to broken ore as it is stockpiled. This change in the method of inventory valuation has been applied retroactively and the 1988 financial statements presented for comparative purposes have been restated for the adjustment to the interest in the net earnings of Cameco. The effect on the statements was to increase reported net earnings by $4,011 (1988—$1,359).

5. Cash restricted as to use

These funds are held in special accounts (primarily in the Consolidated Revenue Fund of Canada on a non-interest basis) to satisfy payment of contingent liabilities relating to the sale of the corporation's investments in Canadair and de Havilland (see Note 10 (a) and Note 13).

6. Investment in non-consolidated subsidiaries, at cost

The carrying values of the corporation's investments in subsidiaries are as follows:

	Carrying Value December 31, 1989	Carrying Value December 31, 1988
Ginn Publishing (b)	10,323	
Nordion (a)	129,881	106,937
Theratronics (a)	11,867	9,650
	152,071	116,587

(a) Nordion and Theratronics

The share purchase agreement between AECL and the corporation requires the corporation to pay to AECL the fair market value of the shares of Nordion and Theratronics. The agreement also specifies that the fair market value will be estimated as at the date of transfer, but will subsequently be adjusted to an amount equal to the price ultimately received by the corporation in the subsequent privatization sale of Nordion and Theratronics. Furthermore, the agreement specifies that the corporation is not required to make payment of the purchase price to AECL until 60 days after the privatization sale.

Accordingly, AECL will ultimately receive the full proceeds realized upon privatization of Nordion and Theratronics, less the corporation's expenses associated with the privatization.

Thus, while the corporation has title to the shares of Nordion and Theratronics and executive management control over their operations prior to their privatization, the corporation did not acquire the normal risks and benefits associated with share ownership. Accordingly, the corporation has recorded its investment in Nordion and Theratronics at a deemed cost represented by the net book values of those companies at December 31, 1989 and 1988, with an off-setting non-interest bearing note payable to AECL, and has not recognized any income or loss on these investments.

(b) Investment in Ginn Publishing

Pursuant to a directive received from the Government, the corporation acquired, on May 26, 1989, a 51% interest in Ginn Publishing from Paramount. Ginn Publishing carries on the business of Ginn + Company, a former division of Paramount, GPCL (Canada) Limited and GLC Publishers Limited (former subsidiaries of Paramount). Under the terms of the purchase and sale agreement, a portion of the purchase price is subject to adjustment based on an arbitration to determine fair market value at May 26, 1989. The arbitration adjustment has not been finalized. The adjustment, if any, will increase the carrying value of the investment.

7. Other investments

	Carrying Value December 31, 1988	Equity in income	Provision for loss	Carrying Value December 31, 1989
Cameco	530,861	9,055	(202,431)	337,485
Varity	23,139			23,139
	554,000	9,055	(202,431)	360,624

Investment in Cameco

In connection with the sale of CEI's assets to Cameco in 1988, CEI took back as part of its consideration 3,850,000 common shares in Cameco, representing a 38.5% ownership interest. An amount of $522,786, reflecting the value agreed by the parties as the fair value of the assets disposed of by CEI was assigned to the Cameco shares. The parties intend to dispose of the shares in stages over the next six years. The ultimate recovery of the carrying value of the shares will depend on the outcome of the future dispositions of these shares.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1989—*Continued*

It was determined that, at the date of acquiring the Cameco shares, the corporation's equity interest in the underlying net book value of Cameco's assets was $316,746 while $522,786 was assigned as the agreed value of the shares. The excess amount was determined to be attributable to various producing and non-producing properties. This amount was amortized using the straight-line method over the estimated economic life of the various properties, when in production. The amortization of the excess amount amounting to $3,609 in 1988 was deducted in arriving at the investment income from Cameco.

During 1989, the spot market prices for uranium concentrate declined significantly. In light of this decline, the corporation has re-evaluated the recoverability of its investment in Cameco through the privatization process described above and has concluded that it is currently unlikely that the corporation will recover the purchase price discrepancy component of its investment in Cameco. Accordingly, the corporation has recorded a provision for the probable impairment in the value of this purchase price discrepancy in the 1989 statement of income (loss) of $202,431. The provision reduces the corporation's investment in Cameco to an amount approximately equal to the corporation's proportionate interest in Cameco's book value.

8. Long-term debt

	As at December 31, 1989	1988
Notes due 1990, at 9.125%	10,093	10,093
Loan due 1991, at 4.75% (95,000 Swiss francs) (a)	71,355	75,459
Loan due 1992, at 6.5% (100,000 Swiss francs) (b)	53,269	53,256
Notes due 1992, at 14.5% ($100,000 U.S.) (c)	119,000	119,270
Bonds due 1992, at 5.25% (8,000,000 Japanese yen), with 1,000,000 Japanese yen due in each of the years 1989-1991 (d)	64,400	85,878
Notes due 1993, at 11.75%	250,000	
Loan due 1989-1992, at 5.0% (1,400,000 Japanese yen)		13,359
Euronotes, due 1989, interest to be set semi-annual at LIBOR rate ($100,000 U.S.)		119,270
Subtotal	568,117	476,585
Less		
Current portion of long-term debt listed above	18,143	132,629
Deferred loss on foreign exchange	18,926	25,355
Total	531,048	318,601

(a) Through foreign exchange forward contracts, the corporation has hedged its exposure to changes in the Swiss franc exchange rate through to August, 1990 on the loan due 1991 and intends to continue this hedging program through to maturity of the debt.

(b) Through a series of swap transactions, the corporation has fixed the repayment of the loan due 1992, at a Canadian dollar amount of $53,269 and has fixed the interest rate at 17.15%.

(c) Through a series of swap transactions, the corporation has fixed the repayment of the notes due 1992 at a Canadian dollar amount of $119,000 and has fixed the interest rate at 15.835%.

(d) Through foreign exchange forward contracts, the corporation has hedged its exposure to changes in the Yen exchange rate through to August, 1990 on the bonds due 1992 and intends to continue this hedging program through to maturity of the bonds.

Long-term debt payments due in each of the next four calendar years are: 1990—$18,143; 1991—$79,404; 1992—$220,569; 1993—$250,000.

Finance expense is composed of the following:

	Year ended December 31, 1989	Three months ended December 31, 1988
Interest and other income	(4,409)	(8,005)
Interest expense		
Long-term debt	64,506	12,848
Other	3,011	6,098
Foreign exchange losses (gains)		
Amortization of deferred losses	12,642	2,052
Other	3,756	(4,923)
Other finance charges	3,894	519
	83,400	8,589

9. Accumulated deficit

Effective as of December 31, 1988, the corporation's shareholder approved the elimination of the December 31, 1988 deficit by a charge to contributed surplus. The amount of this reduction was restated to reflect the effect of the change in accounting policy adopted retroactively by the corporation's investee, Cameco, in 1989 (Note 4).

10. Contingencies

(a) On December 23, 1986, the corporation sold its investment in Canadair Limited to Bombardier-Canadair Inc. The corporation and the Government have agreed to indemnify Bombardier-Canadair Inc. and Canadair Limited for certain contingent liabilities and other expenditures which may be incurred by Bombardier-Canadair Inc. and Canadair Limited over a maximum of five years from December 23, 1986, and for specified product related claims for fifteen years for which insurance coverage is unavailable or economically impracticable to obtain. Reasonable estimates of the effects, if any, of such indemnities cannot be made at this time. Such amounts will be recognized in future years, as appropriate, when reasonable estimates can be made as to the likely amount, if any, which will ultimately be paid pursuant to the indemnities.

(b) Under the terms of the agreement to transfer assets from CEI to Cameco, CEI and Cameco agreed on a formula for sharing any future joint costs, excluding normal operating costs, related to certain specified existing wastes accumulated by CEI to October 5, 1988, the date of transfer of assets. Cameco assumed liability for the first $2,000 of joint costs. The next $98,000 in joint costs will be shared 23/98ths by Cameco, 75/98ths by CEI. CEI assumed liability for joint costs in excess of $100,000.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1989—*Concluded*

(c) The corporation is the defendant in certain litigation. While the amount of any ultimate liability cannot yet be determined, the corporation, after discussion with legal counsel, is of the opinion that there will be no material adverse effect on its financial position.

11. Corporate (income) expense, net

	1989	1988
Interest earned on short-term investments and notes receivable	(2,901)	(692)
Other income	(3,055)	(69)
	(5,956)	(761)
Corporate and divestiture expenses	4,555	5,319
	(1,401)	4,558
Recovery of divestiture expenses incurred in prior years	(1,290)	(4,432)
Net operating (income) expense	(2,691)	126

12. Income tax

As at December 31, 1989, Cartierville Financial has tax losses of $247,000 available to reduce taxable income, expiring as follows:

1990	154,500
1991	92,500
	247,000

13. Subsequent event

As part of an omnibus agreement entered into on February 9, 1990, the corporation, Her Majesty The Queen in Right of Canada as represented by the Minister of Regional Industrial Expansion, The Boeing Company ("Boeing"), Boeing Canada Technology Ltd., and Boeing of Canada Ltd. (successor to the business of The de Havilland Aircraft of Canada, Limited), entered into an agreement whereby the corporation is no longer liable for any contingent liabilities or other expenditures arising from a purchase and sale agreement dated January 31, 1986 whereby the corporation sold its investment in de Havilland to Boeing. Pursuant to this agreement, the corporation paid Boeing of Canada Ltd. $63,000 in 1990, which has been fully accrued in these financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1

NORDION INTERNATIONAL INC.

AUDITORS'REPORT

We have examined the balance sheet of Nordion International Inc., as at December 31, 1989 and the statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company, as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

We further report that, in our opinion, the transactions of the Company that have come to our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the charter and by-laws of the Company and any directives given to the Company.

Peat Marwick Thorne
Chartered Accountants

Ottawa, Canada
January 29, 1990

BALANCE SHEET DECEMBER 31, 1989
(with comparative information for 1988)
(in thousands of dollars)

ASSETS	1989	1988
Current assets		
Cash and short-term investments	28,564	5,179
Accounts receivable	16,253	17,674
Inventory (Note 2)	36,308	40,786
	81,125	63,639
Plant and property (Note 3)	40,262	36,936
Deferred charges (Note 4)	34,914	26,284
	156,301	126,859

LIABILITIES AND SHAREHOLDER'S EQUITY	1989	1988
Current liabilities		
Accounts payable and accrued liabilities	18,784	11,502
Deferred revenue	2,601	4,274
	21,385	15,776
Employee termination benefits	3,027	3,135
Loans payable (Note 5)	768	1,011
Deferred income taxes	1,240	
Total liabilities	26,420	19,922
SHAREHOLDER'S EQUITY		
Capital stock (Notes 5 and 7)	96,310	96,310
Retained earnings, per accompanying statement	33,571	10,627
Total shareholder's equity	129,881	106,937
Commitments (Note 8)		
	156,301	126,859

See accompanying notes to financial statements.

On behalf of the Board:

W. R. TESCHKE
Director

PAUL O'NEIL
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1—*Continued*

NORDION INTERNATIONAL INC.—*Continued*

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1989
(with comparative information for the nine months ended December 31, 1988)
(in thousands of dollars)

	1989	1988
Sales	113,115	74,401
Cost of goods sold	69,387	48,231
Gross margin	43,728	26,170
Operating expenses		
Selling and marketing	7,420	4,837
Product development	3,901	1,344
Administration	10,030	6,147
Operating expenses	21,351	12,328
Operating income	22,377	13,842
Other income	2,877	1,854
Income before income taxes	25,254	15,696
Income taxes (Note 6)	1,360	
Net income	23,894	15,696

See accompanying notes to financial statements.

STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1989
(with comparative information for the nine months ended December 31, 1988)
(in thousands of dollars)

	1989	1988
Retained earnings/AECL investment, beginning of period	10,627	105,675
Net income for the period	23,894	15,696
Cash balances transferred to AECL		(14,434)
Capitalization, July 1, 1988		(96,310)
Dividends paid	(950)	
Retained earnings, end of period	33,571	10,627

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1989
(with comparative information for the nine months ended December 31, 1988)
(in thousands of dollars)

	1989	1988
Cash from operations		
Net income	23,894	15,696
Non-cash items included in net income	6,315	4,089
	30,209	19,785
Decrease in non-cash operating working capital	11,508	4,608
Cash from operations	41,717	24,393
Cash used in investing activities		
Plant and property	6,361	1,357
Deferred charges	10,778	3,090
Cash invested	17,139	4,447
Cash used in financing activities		
Repayment of loans payable	243	344
Dividends	950	
Cash used in financing activities	1,193	344
Increase in cash before transfers to AECL	23,385	19,602
Cash balances transferred to AECL		14,434
Increase in cash during the period	23,385	5,168
Cash and short-term investments, beginning of period	5,179	11
Cash and short-term investments, end of period	28,564	5,179

See accompanying notes to financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1—*Continued*

NORDION INTERNATIONAL INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989
(All dollar amounts are stated in thousands)

Nordion International Inc. ("the Company") is incorporated under the Canada Business Corporations Act and is subject to the Financial Administration Act and the Government Companies Corporations Operations Act. The primary business of the Company is the production and sale of radioisotopes, capital equipment and related technology for segments of the international health care market. The Minister of State for Privatization has announced the government's intention to sell the Company to the private sector, however no assessment of the potential impact of privatization has been made or reflected in these financial statements.

1. Accounting policies

Significant accounting policies are summarized below:

(a) Plant and property

Plant and property is recorded at cost and depreciated on a straight-line basis over the estimated useful life of the underlying assets, as follows:

Buildings and site services	25 to 30 years
Other plant and equipment	3 to 10 years

(b) Decommissioning and waste disposal costs

Future decommissioning costs of nuclear facilities and waste disposal costs cannot be quantified due to uncertainty as to their exact nature and timing. Accordingly, the Company expenses these costs when incurred.

(c) Inventory

Inventory is valued at the lower of average cost and replacement cost. Decay of radioactive inventory is expensed as it occurs. Cobalt-60 inventory is recorded on discharge from reactors. The Company records advance payments, required under certain contractual circumstances as in-reactor inventory.

(d) Deferred charges

Costs of modifications to production facilities owned by others to permit isotope production are deferred and amortized over the minimum contractual production period.

(e) Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Company's contributions to the plan are limited to matching the employees' contributions on account of current service. These payments are charged to income on a current basis and represent the total pension obligations of the Company.

(f) Employee termination benefits

Employees are entitled to specific termination benefits defined under collective agreements and conditions of employment. The amount provided to cover this liability includes a vested portion, covering employee service to date, and a non-vested portion, covering anticipated future service and inflation.

(g) Revenue recognition

Revenue is recognized at the time of shipment of goods to the customer, with the exception of major equipment sales, where a portion of revenue is deferred pending installation at the customer's premises.

2. Inventory

	1989	1988
Raw materials and supplies	23,524	24,330
In-reactor inventory	5,923	10,714
Work-in-process	1,558	1,128
Finished goods	5,303	4,614
	36,308	40,786

3. Plant and property

	Cost	Accumulated depreciation	Net 1989	Net 1988
Land	305		305	130
Site services	1,016	678	338	378
Buildings	33,018	9,115	23,903	24,870
Machinery and equipment	24,368	8,652	15,716	11,558
	58,707	18,445	40,262	36,936

Depreciation totalling $2,757 (1988—$2,112) was recorded in the period.

4. Deferred charges

	Cost	Amortization	Net 1989	Net 1988
Reactors	36,234	5,756	30,478	23,562
Cyclotron	6,083	1,995	4,088	2,292
Other	525	177	348	430
	42,842	7,928	34,914	26,284

Amortization totalling $2,030 (1988—$1,409) was recorded in the period.

5. Related party transactions

(a) Nordion International Inc. was incorporated initially as a wholly-owned subsidiary of Atomic Energy of Canada Limited ("AECL"). Assets and liabilities were transferred from AECL to the Company in exchange for 100,000 common shares. Since the transaction occurred between companies under common control, a value of $96,310 was assigned to Capital stock for accounting purposes representing the net book value of the assets and liabilities transferred. The effective date of these transactions was July 1, 1988. As at September 30, 1988, all of the outstanding common shares were sold to Canada Development Investment Corporation ("CDIC").

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 1—*Concluded*

NORDION INTERNATIONAL INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989—*Concluded*

(b) The loans payable are due to AECL and bear interest at rates from 6 11/16% to 7 5/8% with final payments due in August 1992. Principal repayments on these loans are as follows:

1990	262
1991	281
1992	225
	768

Interest paid totalled $65 during the period (1988—$64).

(c) Theratronics International Inc. ("Theratronics"), a corporation owned by CDIC, provides the Company with manufactured products and processed raw materials. Total purchases from Theratronics during the year totalled $6,176 (1988—$4,346). At December 31, 1989, $889 (1988—$133) of these purchases was included in accounts payable. The Company supplied goods and services to Theratronics in 1989 with a total value of $2,145 (1988—$1,399). At December 31, 1989, $430 (1988—$86) was recorded as accounts receivable.

(d) AECL supplied the Company with raw materials for isotope production and related services totalling $10,251 during 1989 (1988—$6,818). Accounts payable to AECL at December 31, 1989 totalled $1,605 (1988—$1,451).

6. Income taxes

The Company became subject to federal income taxes effective September 30, 1988. As a wholly-owned subsidiary of a federal Crown corporation, the Company is not subject to provincial income taxes.

The Company's effective tax rate is made up as follows:

	1989	1988
Net federal statutory rate	28.0%	28.0%
Manufacturing and processing deduction	(2.5)%	(2.0)%
Surtax	0.8%	0.8%
Permanent differences	(20.4)%	(26.8)%
Effective rate of income tax	5.9%	0.0%

Permanent differences arise due to difference in tax and accounting values for the assets and liabilities of the Company at the date it became subject to income taxes. Unutilized permanent differences totalling $18,116 (1988—$35,037) are available to reduce future years' taxable income.

The components of the provision for income taxes are as follows:

	1989	1988
Current	120.0	
Deferred	1,240.0	
	1,360.0	

Investment tax credits totalling $384 (1988—$134) are available to reduce income taxes payable in future years and have been recorded in these financial statements.

Unutilized research and development deductions, totalling $1,939 (1988—$689) are available to reduce future years' taxable income.

7. Capital stock

The authorized capital stock of the Company consists of an unlimited number of no par value common shares. Issued and outstanding shares total 100,000.

8. Commitments

(a) The Company has commitments to purchase Cobalt-60 produced in nuclear generating stations for various periods to the year 2003. Annual payments are expected to range between $20,000 and $40,000 per annum in each of the next five years, and will approximate $150,000 in total for the five year period.

(b) The Company is committed to AECL to make capital contributions for isotope production facilities in the amount of $8,452 over the next 18 months.

(c) The Company is committed to pay for construction of an additional cyclotron and related production facilities in the amount of $3,380 during 1990.

9. Sales agents' remuneration

During the period, the Company paid sales commissions totalling $806 (1988—$701) to the following agents: Bio Nuclear Diagnostica Industria E. Comercio Ltda., Brazil; General Machinery Company Ltda., Chile; IGE (India) Limited, India; Jacobson Van Den Berg (Hong Kong) Ltd., Hong Kong; Korea General Trading Corporation, Korea; Kostas Karayannis SA, Greece; Marsman & Company Inc., Philippines; Marubeni Corporation, Japan; PT Sanga Kencana International, Indonesia; Radiotherapy & Medical Systems Pty. Ltd., Australia; Societa Lombarda Di Televisione srl, Italy; Spring Port Taiwan Limited, Taiwan; Tamathe SA, Argentina; Tareq Company, Kuwait and Tecnologia Em Radiacao Ltda., Brazil.

10. Comparative information

The comparative information represents the combined revenues and expenses of the Company for the six month period ended December 31, 1988 and its predecessor, Radiochemical Company, a division of AECL, for the three month period ended June 30, 1988. Certain comparative information has been reclassified to conform with the current presentation.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 2

THERATRONICS INTERNATIONAL LIMITED

AUDITORS' REPORT

We have examined the balance sheet of Theratronics International Limited, as at December 31, 1989 and the statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company, as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

We further report that, in our opinion, the transactions of the Corporation that have come to our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the charter and by-laws of the Corporation and any directives given to the Company.

Peat Marwick Thorne
Chartered Accountants

Ottawa, Canada
February 2, 1990

BALANCE SHEET DECEMBER 31, 1989
(with comparative figures for 1988)
(in thousands of dollars)

ASSETS	1989	1988
Current assets		
Cash	2,542	1,687
Accounts receivable (net of allowance of $92; 1988—$392)	6,668	6,137
Inventories (Note 2)	14,055	11,061
Prepaid expenses	537	387
	23,802	19,272
Plant and property (Note 3)	2,427	1,716
	26,229	20,988

LIABILITIES AND SHAREHOLDER'S EQUITY	1989	1988
Current liabilities		
Accounts payable and accrued liabilities	9,333	7,259
Deferred revenue	2,729	1,809
Demand loan		400
	12,062	9,468
Employee termination benefits	2,300	1,870
Total liabilities	14,362	11,338
SHAREHOLDER'S EQUITY		
Capital stock (Note 6)	9,588	9,588
Retained earnings, per accompanying statement	2,279	62
	11,867	9,650
Commitments (Note 7)		
	26,229	20,988

See accompanying notes to financial statements.

On behalf of the Board:

W. R. TESCHKE
Director

H.M.F. WARLAND
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 2—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1989
(with comparative figures for the nine month period ended December 31, 1988)
(in thousands of dollars)

	1989	1988
Sales	46,782	32,992
Cost of goods sold	33,663	24,415
Operating margin	13,119	8,577
Operating expenses		
Marketing	3,330	2,302
Administration	4,862	3,138
Product support and development	2,370	2,410
	10,562	7,850
Operating income	2,557	727
Privatization costs		301
Net income (Note 5)	2,557	426

See accompanying notes to financial statements.

STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1989
(with comparative figures for the nine month period ended December 31, 1988)
(in thousands of dollars)

	1989	1988
Retained earnings/AECL investment, beginning of period	62	5,631
Net income for the period	2,557	426
Dividends	(340)	
AECL investment during the period		3,593
Capitalization, July 1, 1988		(9,588)
Retained earnings, end of period	2,279	62

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1989
(with comparative figures for the nine month period ended December 31, 1988)
(in thousands of dollars)

	1989	1988
Operating activities		
Operating income	2,557	727
Privatization costs		(301)
Depreciation	520	336
Gain on disposal of equipment		(45)
	3,077	717
Increase in operating working capital (Note 9)	(251)	(2,639)
Cash provided by (used by) operating activities	2,826	(1,922)
Investing activities		
Acquisition of land and equipment	(1,231)	(527)
Proceeds from the disposal of equipment		142
Cash used in investing activities	(1,231)	(385)
Financing activities		
(Repayment) proceeds of demand loan	(400)	400
Payment of dividends	(340)	
Cash (applied to) provided from financing activities	(740)	400
Increase (decrease) in cash before AECL investment during the period	855	(1,907)
AECL investment during the period		3,593
Increase in cash during the period	855	1,686
Cash, beginning of period	1,687	1
Cash, end of period	2,542	1,687

See accompanying notes to financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX 2—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989
(All dollar amounts are stated in thousands)

Theratronics International Limited ("Theratronics") is incorporated under the Canada Business Corporations Act and is subject to the Financial Administration Act and the Government Companies Operations Act. The primary business of Theratronics is the manufacture, sales and service of radiotherapy and related equipment and services to hospitals and medical institutions around the world. The Minister of State for Privatization has announced the government's intention to sell the Company to the private sector. No assessment of the potential impact of privatization has been made or reflected in the financial statements.

1. Accounting policies

Significant accounting policies are summarized below:

Plant and property

Plant and property is recorded at cost and depreciated on a straight-line basis over the estimated useful life of the underlying assets, as follows:

Site services	15 years
Building	25 to 30 years
Machinery and equipment	3 to 10 years

Inventories

Work-in-process and finished goods inventories are valued at the lower of cost and estimated net realizable value. Raw material, service inventory, and accelerator product parts are valued at the lower of cost and replacement cost. Cost is determined on a first-in first-out basis and includes material, labour and manufacturing overhead where applicable. Decay of radioactive inventory is expensed as it occurs.

Cobalt-60 inventory is recorded on discharge from reactors. The Company records advance payments, required under certain contractual circumstances, as in-reactor inventory.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Company's contributions to the plan are limited to matching the employees' contributions on account of current service. These payments are charged to income on a current basis and represent the total pension obligations of the Company.

Employee termination benefits

Employees are entitled to specific termination benefits defined under collective agreements and conditions of employment. The amount provided to cover this liability incudes a vested portion, covering employee service to date, and a non-vested portion covering anticipated future service and inflation. These benefits are recorded on the basis of actuarial assumptions as to future events.

Warranty provision

A provision is recorded for estimated warranty costs at the time of product sale.

Revenue recognition

Revenue from the sale of radiotherapy units and related equipment is recognized upon shipment. Revenue from field services is recognized at the time services are rendered. Revenue from service contracts is recognized on a straight-line basis over the term of the contract.

2. Inventories

	1989	1988
Service inventory	4,705	5,050
Manufacturing		
Raw materials	3,701	3,325
Work-in-process	2,597	1,780
Finished goods	1,289	906
In-reactor inventory	1,763	
	14,055	11,061

The radiotherapy industry demands timely response to customer needs for product and warranty service. Accordingly, the service inventory is maintained by the Company to provide an adequate service level to worldwide customers based on the Company's estimate of usage and the customers' anticipated level of service requirements.

3. Plant and property

	Cost	Accumulated depreciation	Net 1989	Net 1988
Land	304		304	69
Site service	314	174	140	168
Buildings	3,223	3,070	153	84
Machinery and equipment	5,320	3,490	1,830	1,395
	9,161	6,734	2,427	1,716

4. Related party transactions

(a) Theratronics International Limited was incorporated initially as a wholly-owned subsidiary of Atomic Energy of Canada Limited ("AECL"). Assets and liabilities were transferred from AECL to the Company in exchange for 10,000 common shares. Since the transaction occurred between companies under common control, a value of $9,588 was assigned to capital stock for accounting purposes representing the net book value of the assets and liabilities transferred. The effective date of these transactions was July 1, 1988. As of September 30, 1988, all of the outstanding common shares were sold to Canada Development Investment Corporation ("CDIC").

(b) AECL and Nordion International Inc. ("Nordion"), a corporation controlled by CDIC, provide the Company with services and cobalt sources. Total purchases of goods and services in the year were $3,703 (December 31, 1988—$2,737). At December 31, 1989, $738 of these purchases were included in accounts payable.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Concluded*

APPENDIX 2—*Concluded*

THERATRONICS INTERNATIONAL LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989—*Concluded*

The Company provides Nordion with manufactured products and accelerator product support on behalf of AECL. Total sales of goods and services in the year were $7,372 (December 31, 1988—$5,601). At December 31, 1989, $1,013 of these sales were included in accounts receivable.

(c) The Company acquired 48% of the outstanding common shares and 100% of the preferred shares of Medical High Technology Inc. ("MHTI") located in Clearwater, Florida, by converting a fully provided for Note Receivable. The company does not expect earnings to be repatriated in excess of its original investment and as such, the investment is carried on the cost basis.

Total purchases from MHTI in 1989 were $1,438. At December 31, 1989, $173 of these purchases were included in accounts payable.

5. Income taxes

Initially the Company, as a division and then a subsidiary of AECL, was exempt from income taxes. However, as a wholly-owned subsidiary of CDIC, this exemption does not apply and the Company became subject to federal income taxes effective September 30, 1988. As a wholly-owned subsidiary of a Federal Crown Corporation, the Company is not subject to provincial income taxes.

The Company's expected income tax rate is the net Federal statutory rate (including surtax) of 29% less the applicable manufacturing and processing deduction of 2.5%. The 1989 effective tax rate is zero due to the utilization earned by the Company in the period April 1, 1988 to September 30, 1988 and the utilization of the currently deductible portion of the permanent differences related to the assets of the Company at the date it became subject to income taxes. Permanent differences totalling $2,937,296 were utilized to reduce taxable income to nil.

6. Capital stock

The authorized capital stock of the company consists of an unlimited number of no par valued common shares with issued and outstanding shares totalling 10,000.

7. Commitments

(a) Minimum lease payments in accordance with lease commitments are as follows:

1990	595
1991	557
1992	216
1993	152
Thereafter	65
	1,585

(b) The Company has a commitment, estimated at $21,000 to purchase cobalt 60 from AECL produced at its Chalk River nuclear laboratory to the year 2008.

(c) The Company has a commitment of approximately $5,000 to purchase CT-SIM units from MHTI over a two year period ending April 30, 1991.

8. Sales agents' remuneration

During the year ended December 31, 1989 the Company paid sales commissions totalling $1,597 to the following agents: Siemens A.G., Germany; Kostas Kanayannissa, Greece; Medtel Pty. Limited, Australia; Novelact (Medical) Limited, Hong Kong; Equipo Pare Hospititales SA, Mexico; IGE India, India; Kamsol Suksol Electric Co., Thailand; Tecnologia EM Radiocoa Ltda., Brazil; Sabbagh Wholesale Druggist, Jordan; Gemed Sistemas Medicos, Venezuela; Springport Taiwan Ltd., Taiwan; Korea General Trading Co., Korea; Watsons & Sons (E.M.) Limited, Nigeria; Radiotherapy-Medical Supply, Australia; M.L. Sethi, India; Alkan Establishment (Medical Division), Egypt; General Marketing and Manufacturing Co. Ltd., India; Bureautique Communications Organization Ltd., Channel Islands; Aristons (PVT) Ltd., Sri Lanka; General Medica de Columbia Ltd., Columbia; Medikal Teknik Elektronik Ltd., Turkey; L.H.S. Communications Ltd., Jamaica; Barons Technologies Inc., Korea; Rimpex S.A.R.L., Tunisia; Nairobi X-Ray Supplies Ltd., Kenya; Indexport do Ecudor cia Ltd., Ecuador; Hamco Commercial S.C.R.L., Peru; and Nuclital S.R.L., Italy.

9. Operation working capital

The changes in operating capital is comprised of:

	1989	1988
Accounts receivable	(531)	(1,706)
Inventories	(2,994)	713
Prepaid expenses	(150)	251
Accounts payable and accrued liabilities	3,633	(2,209)
Deferred revenue	(639)	132
Employee termination benefits	430	180
	(251)	(2,639)

10. Comparative figures

The comparative figures represent the combined revenues and expenses of the Company for the nine month period ended December 31, 1988 which includes the three-month period ended June 31, 1988 for its predecessor, Medical Products Division, a former division of AECL.

Certain 1988 figures have been reclassified to conform with the current year's statement presentation.

CANADA HARBOUR PLACE CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Canada Harbour Place Corporation as at March 31, 1991 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the articles and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 3, 1991 except for Note 1 for which the date is May 23, 1991

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990	LIABILITIES AND EQUITY OF CANADA	1991	1990
Cash	29	686	Accounts payable	424	401
Accounts receivable	784	387	Equity of Canada	65,242	66,961
Capital assets (Note 3)	64,853	66,289			
	65,666	67,362		65,666	67,362

Lease commitments and contingency (Notes 6 and 7).

Approved by the Board:

THOMAS RUST
Director

JIM GREEN
Director

CANADA HARBOUR PLACE CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Revenues		
Operating/utilities recoveries (Note 4)	3,497	3,218
Lease revenues		
Parking	1,593	1,445
Theatre	164	327
Promenade shops	126	115
Restaurant	66	88
Tenant administration fee	142	135
Interest	63	77
Marketing	58	55
Miscellaneous	31	26
	5,740	5,486
Expenses		
Operations		
Utilities	1,541	1,438
Common facilities	1,171	1,077
Central plant	387	405
Tenants work requests	287	249
Insurance	198	196
Shared areas	162	145
	3,746	3,510
Administration, public relations and other (Note 5)	1,712	1,995
Amortization	2,001	1,967
	7,459	7,472
Net cost of operations	1,719	1,986

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Cash provided by (used for) operations		
Net cost of operations	(1,719)	(1,986)
Item not requiring cash		
Amortization	2,001	1,967
Changes in other components of working capital	(374)	77
	(92)	58
Cash used for investing activities		
Additions to capital assets	565	210
Decrease in cash during the year	657	152
Cash and short-term investments		
Beginning of year	686	838
End of year	29	686

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Capital stock		
Contributed capital		
Balance at beginning of year	66,961	68,947
Net cost of operations	1,719	1,986
Balance at end of year	65,242	66,961

CANADA HARBOUR PLACE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority, objectives and discontinuation

Canada Harbour Place Corporation was incorporated in 1982 under the Canada Business Corporations Act. The Corporation is an agent Crown corporation and is included in Part I of Schedule III to the Financial Administration Act. The only three shares issued are all held in right of Canada by the Minister of Transport.

The objectives of the Corporation are to promote the presence of the Federal Government in Vancouver, B.C., be financially self sufficient, and manage real property at Canada Place in Vancouver. For this purpose it designed, constructed and manages Canada Place which includes The Vancouver Trade and Convention Centre, a cruise ship terminal, a parking garage, a theatre and restaurant, infrastructure of a hotel, and various commercial and public facilities.

In accordance with a lease agreement with the Province of British Columbia, the Corporation transferred the administration and maintenance of the Trade and Convention Centre in Canada Place including pre-function areas, meeting rooms and banquet facilities, for a term of 20 years with renewal options for three successive similar terms.

On February 20, 1990 the Government announced in its 1990-91 Federal Budget that it will proceed with the necessary legislation to wind up the Corporation in an orderly fashion and transfer its assets and functions to another entity. Consequently, Bill C-8, Crown Corporations Dissolution or Transfer Authorization Act, was tabled in the House of Commons and passed third reading on May 23, 1991. This Bill authorized the Minister of Transport to sell or dispose of all the shares of the Corporation on terms and conditions to be approved by the Governor in Council. The effective date of the coming into force of the provisions of the Bill will also be fixed by order of the Governor in Council.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. The more significant accounting policies of the Corporation are as follows:

Capital assets and amortization

All expenditures, including those for acquisition, design, construction and administration for the permanent structures at Canada Place, were capitalized at the time the facility was fully developed.

Amortization is calculated on a straight-line basis based on the estimated useful lives of the assets. The building is amortized over 40 years, while furniture, fixtures and equipment are amortized over 20 years.

Income taxes

The Corporation is exempt from any liability for income taxes.

Retirement savings plan

Under a group retirement savings plan, a trust was established with a private sector organization to accumulate contributions to provide a retirement income for long-term employees through individually registered retirement savings plans. The Corporation has agreed to make non contributory payments, which are recognized annually, ranging from 5% to 10% of the annual salary for each of these employees.

Operations revenues and expenses

Operations revenues and expenses relate to the management of Canada Place including the leasing of these facilities to various tenants. Central plant and utilities include electricity, natural gas, oil, labour and supplies used to supply power, water, air conditioning and heat for the facility. Common facilities and shared areas include labour, security, engineering and material used to provide the tenants with services as outlined in various leases and agreements.

3. Capital assets

	1991			1990
	Cost	Accumulated amortization	Net	Net
	(in thousands of dollars)			
Building	65,671	6,563	59,108	60,730
Furniture, fixtures and equipment	7,059	1,314	5,745	5,559
	72,730	7,877	64,853	66,289

Title to that part of the bed of Vancouver harbour on which the facility is located was transferred to the Corporation from Vancouver Port Corporation for one dollar and has been so recorded in site purchase costs.

4. Operating/utilities recoveries

Operating cost recoveries include amounts recovered from the Corporation's tenants for operating expenses, central plant and utilities. During the year, these costs exceeded the associated recoveries by $249,000 (1990—$292,000). This is caused by the Corporation incurring expenses in areas for which it is solely responsible, and cannot charge to its tenants, under the various leases and agreements.

5. Administration, public relations and other expenses

	1991	1990
	(in thousands of dollars)	
Advertising and promotion	618	661
Salaries	385	399
Imax projection system lease	190	180
Promenade shops	163	473
Legal and professional	117	42
Office rental	114	125
Repair and maintenance	42	24
Travel	36	46
Communications	34	27
Miscellaneous	13	18
	1,712	1,995

6. Lease commitments

The Corporation has entered into a 20 year lease agreement in effect from 1987 for the Imax projection system with a minimum total payment of $3 million. The minimum annual lease payment for the years 1991-92 to 1995-96 will be $199,000. The agreement provides for annual escalation at the rate of the Consumer Price Index.

The Corporation has entered into contracts for exterior and interior facility cleaning aggregating $163,000 for the period April 1, 1991 to March 31, 1992.

CANADA HARBOUR PLACE CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

7. Contingency

Employees may be entitled to termination benefits under conditions of their employment contracts dependent on how the corporation proceeds to wind up its operations. Accordingly no accrual of termination benefits has been set up. The estimated liability at March 31, 1991 for the maximum amount of such termination benefits is $179,000.

8. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with departments, agencies and Crown corporations in the normal course of business.

CANADA LANDS COMPANY LIMITED

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited, in accordance with generally accepted auditing standards, the balance sheet of Canada Lands Company Limited as at March 31, 1991. In my opinion, it presents fairly, in all material respects, the financial position of the corporation at that date in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the balance sheet have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the articles and by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 3, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990	SHAREHOLDER'S EQUITY	1991	1990
	$	$		$	$
Investments (Notes 2(a), (b) and 6)			Capital stock (Note 2(c))		

Approved by the Board:

LARRY O'TOOLE
President

CANADA LANDS COMPANY LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENT
MARCH 31, 1991

1. Authority and activities

The Canada Lands Company Limited, an agent Crown corporation, originally named Public Works Lands Company Limited, was incorporated under the Companies Act in 1956. It was added to Schedule C to the Financial Administration Act in 1979 and listed as a parent Crown corporation in 1984 in Part I of Schedule III to the Financial Administration Act.

The corporation has, by virtue of its letters patent of incorporation, the power to acquire, purchase, lease, hold, improve, manage, exchange, sell, turn to account or otherwise deal in or dispose of real or personal property or any interest therein. However, it has been used only to hold, in trust for other departments, certain leasehold interests in two properties in London, England, and two properties on Indian reserves in Canada. Funding for these leases is borne by other departments.

2. Significant accounting policies

(a) Investments in subsidiaries

The corporation wholly owns the following three subsidiary corporations:

Canada Lands Company (Mirabel) Limited
Canada Lands Company (Vieux-Port de Québec) Inc.
Old Port of Montreal Corporation Inc.

The shares have been acquired in consideration of services rendered.

(b) Exclusion of subsidiaries from consolidation

The financial statements of the subsidiaries are excluded from consolidation because increases in their equity are not likely to accrue to the parent.

(c) Capital stock

The corporation is authorized to issue three shares which shall not be transferred to any person other than a person approved by the Minister of Public Works. The authorized shares have been issued in consideration of services rendered and are held in trust for Her Majesty in right of Canada by the Minister of Public Works.

3. Financial statement presentation

The corporation has not been involved in any financial transactions. As a result, the balance sheet has nil balances and no other financial statement is presented.

4. Related party transactions

The Department of Public Works provides the corporation, without charge, with such executive and administrative functions as are required for its operations.

5. Information on certain wholly-owned subsidiaries

Canada Lands Company (Vieux-Port de Québec) Inc. ceased operations effective March 31, 1988. However, a decision has yet to be taken with respect to formal dissolution of the corporation pending the resolution of certain legal matters.

Canada Lands Company (Mirabel) Limited ceased operations effective March 31, 1991. Authority has been granted in accordance with paragraphs 91(3)(b) and 91(1)(e) of the Financial Administration Act to dispose of all or substantially all of its assets and to procure its dissolution.

6. Canada Museums Construction Corporation Inc. (CMCC)

The corporation holds two out of the three issued shares of the Canada Museums Construction Corporation Inc. (CMCC). The third share is held by the Minister of Public Works. However, control of CMCC lies with the Minister of Public Works through a shareholders' agreement.

Bill C-8, an Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof, was passed by the House of Commons on May 23, 1991 and is awaiting Senate approval. Among other things, the Act provides for the transfer of the remaining CMCC share to Canada Lands Company Limited.

CANADA LANDS COMPANY LIMITED—*Continued*

APPENDIX

CANADA LANDS COMPANY (VIEUX-PORT DE QUÉBEC) INC.

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Lands Company (Vieux-Port de Québec) inc. as at March 31, 1991. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this balance sheet presents fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the balance sheet have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, as well as the charter and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 10, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990	LIABILITIES	1991	1990
	$	$		$	$
Cash and temporary investments	8,815	8,815	Accounts payable	1,750	5,410
Accounts receivable (Note 2)	503,978	504,408	Due to Minister of Public Works (Note 3)	27,098	23,868
			Due to Receiver General for Canada	280,535	280,535
				309,383	309,813
			SHAREHOLDER'S EQUITY		
			Capital stock (Note 4)		
			Contributed surplus	178,250	178,250
			Retained earnings	25,160	25,160
	512,793	513,223		512,793	513,223

Approved by the Board:

JEAN-GUY HÉBERT
Director

CANADA LANDS COMPANY LIMITED—*Concluded*

APPENDIX—*Concluded*

CANADA LANDS COMPANY (VIEUX-PORT DE QUÉBEC) INC.—*Concluded*

NOTES TO THE BALANCE SHEET
AS AT MARCH 31, 1991

1. Authority and activities

Canada Lands Company (Vieux-Port de Québec) inc. was incorporated on April 9, 1981 under the Canada Business Corporations Act and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

Effective August 1, 1981, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation has been responsible for the implementation of a general development plan for the lands of the Vieux-Port de Québec under its jurisdiction and for administering, managing, promoting and operating such lands and their developments. The Corporation fulfilled this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the capital assets for the benefit of Her Majesty.

On May 26, 1988, by order of the Governor General in Council, the Minister of Public Works was authorized to terminate the said agreement. Since April 1st, 1988, the management of the Corporation's affairs has been assumed by the Department of Public Works.

From February 9, 1984 to February 27, 1986, the Corporation was responsible for its own account for the management, charge and direction of a parcel of land together with the improvements thereon which had been transferred to it, subject to certain limiting conditions, by order of the Governor General in Council on February 9, 1984. This property was retroceded on February 27, 1986.

2. Accounts receivable

The accounts receivable include the following amounts:

	$
Public services organization	466,430
Others	37,548
	503,978

The amount receivable from the public services organization is for specific work carried out by the Corporation during the year 1982-83. The related cost is recoverable upon the signing of a protocol by the Corporation, the Canada Ports Corporation and the organization. The protocol, not yet signed, provides for the transfer of certain privileges from the Corporation and the Canada Ports Corporation. The work is completed for all practical purposes. The Corporation has not yet decided to transfer the privileges requested by the organization. It is possible that the Corporation may not recover the related cost.

3. Due to Minister of Public Works

	$
Balance at beginning of the year	23,868
Payments made by Public Works to settle accounts payable by the Corporation	3,660
Collection made by Public Works of an account receivable by the Corporation	(430)
Balance at end of the year	27,098

4. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada and which may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

5. Contingencies

The Corporation and the corporation Québec 1534-1984 signed a protocol of general understanding determining the rights and obligations of each party for the staging in 1984 of a festive event and for the use of the site and of the equipment under the jurisdiction of the Corporation. Under the terms of the agreement, the Corporation has not granted the right to use the totality of the site, reserving for itself some premises that it might rent for commercial purposes. Leases were signed but, because of poor attendance, several were modified, cancelled or abandoned. The Corporation has received claims arising from these leases and from other activities, for a total of approximately $1.4 million, and more may be received. The Department of Public Works assumes the settlement of these claims.

CANADA LANDS COMPANY (MIRABEL) LIMITED

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Lands Company (Mirabel) Limited as at March 31, 1991 and the statements of transactions and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the charter and by-laws of the Corporation, as well as the agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 29, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Cash	470,240	689,608
Accounts receivable		141,977
Mortgage loan receivable (Note 3)	101,700	118,650
	571,940	950,235

LIABILITIES	1991	1990
	$	$
Accounts payable	68,689	61,681
Due to Minister of Public Works (Note 4)	19,184	32,522
Due to Department of Public Works	145,320	128,858
Due to Airports Revolving Fund (Note 5)	72,893	121,964
Deposits on sales of properties awaiting approval	1	200,906
Due to Receiver General for Canada (Note 6)	265,853	404,304
	571,940	950,235
SHAREHOLDER'S EQUITY		
Capital stock (Note 7)		
	571,940	950,235

Approved by the Board:

JOCELYNE OUELLETTE
Director

ROBERT LEMAY
Director

CANADA LANDS COMPANY (MIRABEL) LIMITED—*Continued*

STATEMENT OF TRANSACTIONS CARRIED OUT AS AGENT AND ON BEHALF OF THE MINISTER OF PUBLIC WORKS FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Expenditures		
Expenditures incurred for goods received or services rendered		
Operating		
Services provided by the Department of Public Works	657,066	715,210
Professional services	159,598	106,324
Public utilities	65,630	65,154
Materials and maintenance contracts	40,300	47,026
General	36,700	13,900
Property appraisal	28,265	409,349
Office supplies	17,235	25,378
Vehicles and related expenses	8,041	8,588
Hospitality and public relations	7,174	5,332
Rentals	6,009	7,956
Establishment of cadastres		340,884
	1,026,018	1,745,101
Cost of festivities to highlight the completion of the activities of the Corporation (Note 8)	169,000	
	1,195,018	1,745,101
Agricultural investment acceleration program		
Contributions	433,888	121,120
Professional services and related expenses	43,450	29,910
	477,338	151,030
Total of expenditures	1,672,356	1,896,131
Proceeds from other than the direct use of capital assets		
Interest	93,269	101,417
Net expenditures	1,579,087	1,794,714
Net expenditures to be funded by the Airports Revolving Fund (Note 5)	1,429,271	1,332,236
Net expenditures to be funded by the Minister of Public Works (Note 4)	149,816	462,478
Cumulative net expenditures since April 9, 1981	68,299,899	66,720,812
Proceeds from the direct use of capital assets		
Sales of properties (after deducting leasehold improvements reimbursed to tenants)	995,710	1,430,661
Rentals	168,661	151,702
Total to be remitted (Note 6)	1,164,371	1,582,363
Cumulative direct proceeds since April 9, 1981	71,031,246	69,866,875
Excess of direct proceeds over net expenditures		
For the year	(414,716)	(212,351)
Cumulative since April 9, 1981	2,731,347	3,146,063

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Transactions carried out as agent and on behalf of the Minister of Public Works		
Proceeds from the direct use of capital assets	1,164,371	1,582,363
Proceeds from other than the direct use of capital assets	93,269	101,417
Remittances to the Consolidated Revenue Fund	(1,302,822)	(1,574,550)
Operating expenditures incurred for goods received or services rendered	(1,195,018)	(1,745,101)
Agricultural investment acceleration program	(477,338)	(151,030)
	(1,717,538)	(1,786,901)
Decrease in accounts receivable	141,977	4,412
Increase (decrease) in accounts payable	7,008	(229,297)
Increase (decrease) in the amount due to Department of Public Works	16,462	(195,404)
Increase (decrease) in deposits on sales of properties awaiting approval	(200,905)	38,009
	(1,752,996)	(2,169,181)
Investing activities		
Decrease in mortgage loan receivable	16,950	16,950
Financing activities		
Advances received from the Airports Revolving Fund (net of reimbursement)	1,380,200	1,454,200
Parliamentary appropriations (net of reimbursement)	136,478	1,012,399
	1,516,678	2,466,599
Increase (decrease) in cash during the year	(219,368)	314,368
Cash at beginning of the year	689,608	375,240
Cash at end of the year	470,240	689,608

CANADA LANDS COMPANY (MIRABEL) LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1991

1. Authority and activities

Canada Lands Company (Mirabel) Limited was incorporated on April 9, 1981 under the Canada Business Corporations Act and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

Effective July 1, 1981, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation is responsible for administering and developing a part of the peripheral lands of Mirabel in order to ensure a normal living environment for residents of the lands while safeguarding the operations of the Mirabel International Airport. The Corporation fulfills this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the capital assets for the benefit of Her Majesty. On May 21, 1982, the Privy Council authorized the sale of certain properties; on February 23, 1984, it authorized the disposition of the remaining properties within the territory under its responsibility. On September 19, 1984, a moratorium suspended the sales program; the Privy Council authorized on June 11, 1985 an agricultural investment acceleration program and the resumption of sales under revised terms and conditions, approved by the Treasury Board.

Since March 25, 1988, under the terms of specific service agreements, the Department of Public Works provides the Corporation with personnel and also professional and maintenance services.

Following an agreement between the Minister of Transport and the Minister of Public Works for the management by the latest of the ultimate operational zone of the Mirabel Airport, under the responsibility of the Minister of Transport, the Corporation and the Department of Transport have signed a protocol of understanding for the period April 1, 1990 to March 31, 1991. This protocol of understanding deals with the implementation and administration of a Long-Term Leasing Program and the Agricultural Renewal Program for the ultimate operational zone of Mirabel Airport. The costs incurred for these programs are reimbursed to the Corporation by Airports Revolving Fund of the Department of Transport.

On April 25, 1991, the Governor General in Council has authorized:

- —the Minister of Public Works to terminate the agreement between Her Majesty in Right of Canada and the Corporation whereby the Corporation was given responsibility for establishing and managing a land disposal program at Mirabel;
- —Canada Lands Company Limited to procure the dissolution of the Corporation in accordance with paragraph 91(1)(e) of the Financial Administration Act;
- —the Corporation to sell or otherwise dispose of all or substantially all of its assets in accordance with paragraph 91(3)(b) of the Financial Administration Act.

2. Significant accounting policies

(a) Financial statements presentation

The statements present transactions carried out by the Corporation as agent and on behalf of the Minister of Public Works. All expenditures, net of proceeds from other than the direct use of capital assets, are reimbursable to the Corporation. Proceeds from the direct use of capital assets, principally rentals and sales of properties, are payable to the Receiver General for Canada.

Differences between advance payments received and net reimbursable expenditures are recorded in the balance sheet as due from or due to the Minister of Public Works, or due from or due to Airports Revolving Fund, if applicable.

(b) Contributions

Financial assistance under the agricultural investment acceleration program is recorded in the expenditures of the year in which the eligible work is carried out.

(c) Sales of properties

Sales of properties are recognized when title passes to buyers and the Corporation is entitled to receive the amount of the proceeds.

3. Mortgage loan receivable

The Corporation granted a mortgage loan of $152,550, bearing no interest, to a municipality on the sale of a property. The loan is reimbursable on the basis of nine annual instalments of $16,950 starting from April 1, 1988.

4. Due to (due from) Minister of Public Works

	1991	1990
	$	$
Balance at beginning of the year	32,522	(517,399)
Net expenditures	(149,816)	(462,478)
	(117,294)	(979,877)
Parliamentary appropriations		
Funds drawn from Vote 5 of the Department of Public Works	169,000	495,000
Funds drawn from Vote 25 of the Department of Public Works for Canada Lands Company (Mirabel) Limited		752,733
Reimbursement of the unused portion of parliamentary appropriations drawn in previous years	(32,522)	(235,334)
	136,478	1,012,399
Balance at end of the year	19,184	32,522

CANADA LANDS COMPANY (MIRABEL) LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1991—*Concluded*

5. Due to Airports Revolving Fund

	1991	1990
	$	$
Balance at beginning of the year	121,964	
Advance payments received (net of reimbursement)	1,380,200	1,454,200
	1,502,164	1,454,200
Less expenditures for the year		
Operating		
Services provided by the Department of Public Works	614,266	454,893
Professional services	134,598	53,162
Public utilities	61,845	32,577
Materials and maintenance contracts	39,300	23,513
General	36,700	6,950
Property appraisals	28,265	398,030
Office supplies	15,735	12,689
Vehicles and related expenses	8,041	4,294
Hospitality and public relations	7,174	2,666
Rentals	6,009	3,978
Establishment of cadastres		339,234
	951,933	1,331,986
Agricultural investment acceleration program		
Contributions	433,888	
Professional services and related expenses	43,450	250
	1,429,271	1,332,236
Balance at end of the year	72,893	121,964

6. Due to Receiver General for Canada

	1991	1990
	$	$
Balance at beginning of the year	404,304	396,491
Direct proceeds	1,164,371	1,582,363
	1,568,675	1,978,854
Remittances to the Consolidated Revenue Fund through		
Department of Public Works	1,083,287	1,429,789
Airports Rovolving Fund	219,535	144,761
	1,302,822	1,574,550
Balance at end of the year	265,853	404,304

7. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada, which may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

8. Cost of festivities to highlight the completion of the activities of the Corporation

On September 15, 1990, the Corporation offered public festivities to highlight the upcoming completion of its mandate. This event had been approved by the Minister of Public Works. The costs incurred, set at $169,000 after deducting $5,500 of contributions received from other entities, has been financed from Vote 5 of the Department of Public Works.

9. Contingencies

Legal action has been instituted against the Corporation, the Attorney General of Canada, the Minister of Transport and the Minister of Public Works by some of the original Mirabel property owners who are asking to have the 1969 expropriation declared invalid. In this context, a number of lessees have ceased to remit their rent to the Corporation. On March 27, 1985, a protocol of understanding was entered into with representatives of the original property owners whereby the parties undertake to discontinue all litigation actions between them. This protocol was approved in principle by the Privy Council on June 11, 1985.

In connection with its regular operations, the Corporation is the defendant in certain pending claims. It is the opinion of management that these claims are not founded and no provision was recorded in that effect.

CANADA MORTGAGE AND HOUSING CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Management of the Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices to provide reasonable assurance that: reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements. The accompanying financial statements of the Corporation as at December 31, 1990 were prepared by Management in accordance with the accounting policies, consistently applied, as described in the notes to the financial statements. The financial statements of the Corporate Account, Minister's Account, the Mortgage Insurance Fund and other Insurance and Guarantee Funds have been presented separately to preserve their identity and provide meaningful information concerning the Corporation's distinct business activities. The financial information contained elsewhere in this Annual Report is consistent with that in the financial statements.

The Board of Directors is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee which includes a majority of members who are not officers of the Corporation. The Committee meets from time to time with Management, internal audit staff and the independent external auditors to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditors and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The financial statements have been examined by the joint external auditors, Robert D. Hepburn, CA, of the firm Deloitte & Touche and Kenneth M. Dye, FCA, Auditor General of Canada. Their reports offer an independent opinion on the financial statements to the Minister of State (Housing).

E.A. Flichel
President and Chief Executive Officer

Karen Kinsley
Vice-President, Finance

FINANCIAL STATEMENTS DECEMBER 31, 1990

Canada Mortgage and Housing Corporation was incorporated as a Crown Corporation by an Act of Parliament on January 1, 1946. Its activities are regulated by the National Housing Act, the Canada Mortgage and Housing Corporation Act and, in certain respects, the Financial Administration Act, and include:

Corporate Account

Financing housing and community improvement through the making of loans and investments under specific conditions at interest rates normally at market rates which are generally higher than the rates it pays on funds borrowed from the Government of Canada. Loans and Investments exist in all three planning elements: Market Housing, Social Housing and Housing Support with the major emphasis (approximately 75%) on Social Housing projects.

Minister's Account

Making certain payments or incurring expenses in the process of delivering housing programs on behalf of the Government of Canada. These payments and expenses include grants, contributions, subsidies, loan forgiveness, losses on real estate, losses under federal-provincial agreements, interest rate losses, research and development, and specified operating costs. The funding for these activities is provided for in Main and Supplementary Estimates which are tabled in Parliament. Parliamentary approval is by way of the Appropriations Act together with Statutory Authorities which authorize the responsible Minister to reimburse the Corporation for the specified payments and expenses for the fiscal year concerned. Grants, contributions and subsidies are delivered within the three planning elements: Market Housing, Social Housing and Housing Support. In these endeavours, approximately 95% of the total activity relates to Social Housing initiatives.

Funds Administered

Administering certain Insurance and Guarantee Funds on behalf of the Government of Canada. The Mortgage Insurance Fund is the chief instrument for establishing a framework of confidence for mortgage lending by private institutions. This instrument facilitates an adequate supply of mortgage funds by reducing the risk to lenders and encouraging the secondary market trading of mortgages, and thereby increasing the access to housing by Canadians. The Mortgage Insurance Fund and the Mortgage-backed Securities Guarantee Fund support Market Housing Initiatives.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

AUDITORS' REPORT

TO THE MINISTER OF STATE (HOUSING)

We have audited the balance sheet of the Canada Mortgage and Housing Corporation, Corporate Account as at December 31, 1990, and the statements of operations and reserve fund and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Mortgage and Housing Corporation Act, the National Housing Act and the by-laws of the Corporation.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada
February 28, 1991

CORPORATE ACCOUNT

BALANCE SHEET DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Loans and investments (Note 2)	8,946,559	9,057,866
Accounts receivable	7,157	12,327
Due from the Minister (Note 3)	35,316	120,450
Deferred income taxes	4,675	1,958
Assets under capital lease (Note 4)	38,982	
Business premises and equipment (Note 5)	19,348	17,254
Other assets	4,745	2,754
	9,056,782	9,212,609

LIABILITIES	1990	1989
Borrowings from the Government of Canada (Note 6)	8,702,618	8,819,075
Obligation under capital lease (Note 7)	38,803	
Cheques issued in excess of funds on deposit	153,626	214,439
Accounts payable and accrued liabilities (Note 8)	77,669	63,031
Due to the Receiver General for Canada	31,261	61,044
Due to Funds Administered	2,805	5,020
	9,006,782	9,162,609
CAPITAL AND RESERVE FUND		
Capital		
Authorized and fully paid by the Government of Canada	25,000	25,000
Reserve Fund (Note 9)	25,000	25,000
	9,056,782	9,212,609

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

STATEMENT OF OPERATIONS AND RESERVE FUND
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Interest earned	788,061	809,475
Interest expense	737,487	759,681
Margin on financing operations	50,574	49,794
Real estate sales	9,711	35,551
Cost of real estate sold	5,939	14,331
Gain on real estate	3,772	21,220
Other income	20,458	21,637
Income before operating expenses	74,804	92,651
Operating expenses (Note 10)	31,680	29,845
Income before taxes	43,124	62,806
Taxes (Note 11)	31,920	32,304
Net income	11,204	30,502
Reserve Fund, beginning of year	25,000	25,000
	36,204	55,502
Transferred to the Receiver General for Canada	11,204	30,502
Reserve Fund, end of year	25,000	25,000

See accompanying notes.

CORPORATE ACCOUNT

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Operating activities		
Net income	11,204	30,502
Add: net change in accrued interest	2,049	3,080
Amortization	2,855	2,802
Deferred income taxes	(2,717)	(4,310)
	13,391	32,074
Change in due to the Receiver General for Canada	(40,987)	(26,353)
Change in due to/from Funds Administered	(2,215)	5,119
Change in due from the Minister	85,134	(94,406)
Change in accounts receivable	5,170	(229)
Change in accounts payable	14,638	6,558
Change in other assets	(1,991)	388
	73,140	(76,849)
Investment activities		
Repayment of loans and investments	385,143	462,758
Additions to loans and investments	(277,302)	(277,456)
Increase in assets under capital lease	(38,982)	
Additions to business premises and equipment	(4,949)	(3,272)
	63,910	182,030
Financing activities		
Borrowings from the Government of Canada	284,000	280,000
Repayment of borrowings from the Government of Canada	(399,040)	(467,309)
Increase in obligation under capital lease	38,803	
	(76,237)	(187,309)
Increase (decrease) in cash	60,813	(82,128)

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Summary of accounting policies

(a) Basis of presentation

Financial statements for the Corporate Account are presented separately from the Minister's Account and each of the Funds Administered.

The Corporate Account is in accordance with generally accepted accounting principles.

(b) Loans

Loans under certain programs give rise to interest rate losses which are recoverable from the Minister.

If loans contain forgiveness clauses, such forgiveness is recorded and recovered from the Minister when the loans are advanced.

No provisions are made for possible losses on loans as losses on insured loans are recoverable from the Mortgage Insurance Fund while property acquired upon default of uninsured loans is subject to loss recovery as described under Real Estate. Other losses on uninsured loans are recoverable from the Minister.

(c) Federal-provincial agreements

Loans and investments are made under various cost-sharing agreements with the provinces and territories to encourage development of rental housing, land assembly, cooperative housing, rural and native housing and housing rehabilitation.

Only the Corporation's share of costs plus capitalized interest are reflected in these statements.

The Corporation's share of subsidies and losses related to these agreements is recovered from the Minister.

Gains on the sale of land assembly projects are recognized as income in the Corporate Account.

(d) Real estate

Real estate includes vacant land and properties acquired directly by the Corporation, or through the Government of Canada at no cost, or through default on uninsured loans.

All real estate is recorded at cost which includes acquisition costs and any modernization and improvement costs.

Holding costs, including interest, on real estate acquired directly by the Corporation are capitalized up to appraised values after which the costs are expensed in the Corporate Account. Gains or losses on the disposal of these properties are recorded in the Corporate Account. Losses resulting from permanent declines in the value of property are recognized in the year in which they are identified.

Holding costs, including interest, on real estate acquired through the Government of Canada at no cost, or through default on uninsured loans, are capitalized. Gains or losses on the disposal of these properties are paid to or recovered from the Minister. All net operating losses on real estate are recovered from the Minister.

(e) Amortization

Buildings included as real estate in Loans and Investments are amortized on a straight-line basis over an expected useful life of normally fifty years.

Assets Under Capital Lease, Business Premises and Equipment are amortized on a diminishing balance basis over the estimated useful life of the asset. Leasehold improvements are amortized on a straight-line basis.

(f) Pension costs and obligations

The cost of pension benefits earned by employees is charged to income as services are rendered. Adjustments arising from pension plan amendments, experience gains and losses and changes in assumptions are amortized over the expected average remaining service life of the employee group.

(g) Comparative figures

The 1989 comparative figures have been reclassified to conform to the 1990 statement presentation.

2. Loans and investments

	1990	1989
	(in thousands of dollars)	
Loans	4,443,082	4,645,961
Federal-provincial agreements		
Loans	2,789,576	2,807,697
Investments in housing projects	1,636,921	1,540,278
Land assembly projects	24,847	21,332
	4,451,344	4,369,307
Real estate		
Investments in housing projects	17,246	13,359
Land	34,887	29,239
	52,133	42,598
Total loans and investments	8,946,559	9,057,866

3. Due from the Minister

	1990	1989
	(in thousands of dollars)	
Expenditures	1,886,122	1,687,031
Due from the Minister, beginning of year	120,450	26,044
	2,006,572	1,713,075
Recoveries	1,971,256	1,592,625
Due from the Minister, end of year	35,316	120,450

4. Assets under capital lease

	Rate	Cost	Accumulated amortization	Net book value 1990	Net book value 1989
	%	(in thousands of dollars)			
Building	4	29,809		29,809	
Leasehold improvements	10	9,173		9,173	
Total		38,982		38,982	

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

5. Business premises and equipment

	Rate	Cost	Accumulated amortization	Net book value 1990	Net book value 1989
	%	(in thousands of dollars)			
Land		171		171	171
Buildings	5	15,149	6,460	8,689	7,360
Equipment	8, 20 or 30	31,207	22,070	9,137	8,304
Leasehold improvements	20	6,926	5,575	1,351	1,419
Total		53,453	34,105	19,348	17,254

Amortization in 1990 was $2.9 million (1989—$2.8 million).

6. Borrowings from the Government of Canada

The Corporation borrows from the Government of Canada under the provisions of the Canada Mortgage and Housing Corporation Act and the National Housing Act to finance loans and investments. The interest rates on these debentures or interim receipts vary from 2.00% to 17.96%. The terms are up to 50 years. The payments scheduled for the next five years are:

	(in thousands of dollars)
1991	226,800
1992	236,800
1993	237,200
1994	193,700
1995	173,000

7. Obligation under capital lease

A twenty-five year long-term lease, commencing October 1, 1990 (which for accounting purposes is treated as a capital lease), reflects the cost of the building and leasehold improvements undertaken to consolidate National Office operations in one location. The annual lease payments are $5.2 million for the first 10 years and $3.6 million for the remaining 15 years.

At the termination of the lease, the Corporation assumes ownership of the building at a cost of one dollar.

The minimum lease payments are:

	(in thousands of dollars)
1991 to 1995	25,844
Thereafter to year 2015	79,058
Total future minimum lease payments	104,902
Less interest at 11.77 and 11.57%	66,099
Present value of minimum lease payments	38,803

Interest expense in 1990 was $1.1 million.

8. Employee benefits

Employees are entitled to certain termination benefits. The cost of these benefits is charged to income as earned. The total liability at December 31, 1990 was $19.7 million (1989—$20.1 million). These employee benefits are part of Accounts Payable and Accrued Liabilities.

9. Reserve Fund

Net income or loss is transferred to the Reserve Fund, which is limited by Order-in-Council to $25 million. Any excess is paid to the Receiver General for Canada.

10. Operating expenses

The operating expenses of the Corporation are allocated on the basis of staff utilization as follows:

	1990	1989
	(in thousands of dollars)	
Corporate Account	31,680	29,845
Minister's Account	107,918	106,960
Funds Administered	78,964	70,965
Total	218,562	207,770

11. Taxes

Income tax is 38% of taxable income. The Large Corporations Tax of 0.175% of taxable capital which began July 1, 1989, is $15.2 million in 1990 (1989—$7.7 million).

12. Commitments

(a) Loans and investments

Commitments outstanding for loans and investments amounted to $231.0 million at December 31, 1990 (1989—$273.3 million).

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

(b) Operating leases

Minimum rental payments scheduled over the next five years on business premises and equipment under long-term non-cancellable leases are:

	1991	1992	1993	1994	1995	Total
	(in thousands of dollars)					
Business premises	6,849	5,646	5,342	4,248	2,389	24,474
Equipment	9,147	8,192	7,412	6,559	30	31,340
Total	15,996	13,838	12,754	10,807	2,419	55,814

13. Contingent liabilities

In 1982, the Corporation became defendant, solely or jointly, in legal claims regarding urea formaldehyde foam insulation totalling approximately $48.9 million. There are other legal claims against the Corporation of $4.1 million at the end of 1990 (1989—$4.1 million). Due to the uncertainty of the outcome of these events, no provision for loss has been made. Should costs arise as a result of these actions, they would be expensed when determined.

14. Interest capitalized

The amount of interest capitalized in 1990 was $2.2 million (1989—$1.9 million).

15. Pension plan

The Corporation maintains an indexed, defined benefit pension plan. Retirement benefits are based on the average salary in any best five year period and the number of years of service.

The accrued pension benefits are determined using the projected benefits method prorated on service. The pension valuation and cost in 1990 reflect management's best estimates based on expected investment yields, salary escalation, mortality of members and the ages at which members retire.

The Corporation's funding policy is to contribute the amount required to provide for current benefits attributed to service and to pay the unfunded pension plan liabilities over periods permitted by regulatory authorities.

Based on the actuarial valuation at January 1, 1990 and using management's best estimates, the status of the plan at December 31, 1990 was:

	1990	1989
	(in thousands of dollars)	
Net assets available for benefits	472,443	447,394
Actuarial value of accrued pension benefits	472,036	441,942
Excess of net assets over actuarial value of accrued pension benefits	407	5,452

Annual pension cost includes:

	1990	1989
	(in thousands of dollars)	
Current service costs	9,616	7,568
Government pension plans	1,669	1,537
Early retirement program		3,000
Amortization of past experience gains and losses	(623)	(644)
Total	10,662	11,461

16. Interest loss recoveries

The Corporation was authorized by the Government of Canada to approve certain loans and investments at a negative interest margin and to recover the loss from the Minister. The interest loss recovered is included in interest income. The recoveries by program are:

	1990	1989
	(in thousands of dollars)	
Market housing	39,753	50,253
Social housing	19,628	19,171
Housing support	981	1,037
Total	60,362	70,461

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

MINISTER'S ACCOUNT

AUDITORS' REPORT

TO THE MINISTER OF STATE (HOUSING)

We have audited the Canada Mortgage and Housing Corporation, Minister's Account—Statement of Expenditures and Recoveries for the year ended December 31, 1990. This financial statement is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the expenditures for and recoveries from the Minister for the year ended December 31, 1990 in accordance with the accounting policy described in Note 1 to this financial statement.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada
February 28, 1991

MINISTER'S ACCOUNT

STATEMENT OF EXPENDITURES AND RECOVERIES
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Expenditures		
Market housing	67,484	76,849
Social housing	1,671,268	1,469,792
Housing support	13,029	12,699
Fees paid to delivery agents	26,423	20,731
Operating expenses	107,918	106,960
	1,886,122	1,687,031
Due from the Minister, beginning of year	120,450	26,044
	2,006,572	1,713,075
Recoveries	1,971,256	1,592,625
Due from the Minister, end of year	35,316	120,450

See accompanying notes.

MINISTER'S ACCOUNT

NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 1990

1. Summary of accounting policies

(a) Basis of presentation

The financial statements for the Minister's Account is presented separately from those of the Corporate Account and each of the Funds Administered.

(b) Accruals

No accruals are made at December 31 in this account. The year-end for the Government of Canada is March 31, at which time accruals will be recorded in accordance with Treasury Board Guidelines and reported in the Public Accounts of Canada. Expenditures made on behalf of the Minister of State (Housing) are recorded as recoverable when disbursed.

(c) Comparative figures

The 1989 comparative figures have been reclassified to conform to the 1990 statement presentation.

2. Contingent liabilities

In 1982, the Corporation became defendant, solely or jointly, in legal claims regarding urea formaldehyde foam insulation totalling approximately $48.9 million. It is uncertain if costs arising from these actions could be charged to the Government of Canada. There were other legal claims of $7.2 million at the end of 1990 (1989—$14.2 million), which if successfully held against the Corporation, could result in charges to the Minister's Account. Due to the uncertainty of the outcome of these events, no provision for losses has been made. Should costs arise as a result of these actions, they would be charged when determined.

3. Operating expenses

Operating expenses allocated by the Corporation to the Minister's Account in 1990 were $107.9 million (1989—$107.0 million).

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED

AUDITORS' REPORT

TO THE MINISTER OF STATE (HOUSING)

We have audited the balance sheets of the Funds Administered by Canada Mortgage and Housing Corporation: Mortgage Insurance Fund, Mortgage-backed Securities Guarantee Fund, Home Improvement Loan Insurance Fund and Rental Guarantee Fund as at December 31, 1990, and the statements of operations and surplus for the year then ended. We have also audited the statements of changes in financial position of the Mortgage Insurance Fund and the Mortgage-backed Securities Guarantee Fund for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of these funds as at December 31, 1990 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Mortgage and Housing Corporation Act, the National Housing Act and the by-laws of the Corporation.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada
February 28, 1991

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

BALANCE SHEET DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989	LIABILITIES	1990	1989
Accounts receivable	1,247	1,070	Accounts payable and accrued liabilities	7,466	7,253
Due from Canada Mortgage and Housing Corporation	2,501	4,620	Provision for claims	282,255	203,879
Investment in securities (Note 2)	935,663	728,107	Unearned premiums	611,034	592,238
Mortgages	45,208	47,608	Premium deficiency	41,100	55,734
Real estate	121,621	125,086		941,855	859,104
			SURPLUS		
			Unappropriated surplus	98,385	47,387
			Appropriated surplus (Note 3)	66,000	
				164,385	47,387
	1,106,240	906,491	Total liabilities and surplus	1,106,240	906,491

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenues		
Earned premiums	172,283	135,687
Application fees	17,015	20,821
Income from investments	87,815	61,614
Other	5,665	2,219
	282,778	220,341
Expenses		
Loss on claims	23,880	2,466
Issuance	50,319	48,345
Operating expenses	27,839	21,967
Adjustment to provision for claims	78,376	36,942
	180,414	109,720
Earnings	102,364	110,621
Adjustment to premium deficiency	14,634	52,867
Net earnings	116,998	163,488
Unappropriated surplus		
Balance, beginning of year	47,387	(116,101)
Transfer to appropriated surplus (Note 3)	(66,000)	
Balance, end of year	98,385	47,387
Appropriated surplus		
Balance, beginning of year		
Transfer from unappropriated surplus	66,000	
Balance, end of year	66,000	
Total surplus	164,385	47,387

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Operating activities		
Premiums received	191,079	201,959
Application fees	17,015	20,821
Investment income received	72,761	56,553
Claims paid	(97,799)	(111,225)
Proceeds from sales of real estate	67,735	117,425
Operating expenses	(77,469)	(70,759)
Other	12,715	10,607
	186,037	225,381
Investment activities		
Investment in securities	(188,156)	(220,169)
Increase (decrease) in due from Canada Mortgage and Housing Corporation	(2,119)	5,212

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

BALANCE SHEET DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Due from Canada Mortgage and Housing Corporation	45	185
Investment in securities (Note 2)	11,382	6,158
Deferred operating expenses		70
	11,427	6,413

LIABILITIES AND SURPLUS	1990	1989
Unearned guarantee fees	8,080	5,565
Surplus	3,347	848
	11,427	6,413

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenues		
Earned guarantee fees	1,727	877
Application fees	549	543
Income from investments	969	401
	3,245	1,821
Expenses		
Operating expenses	746	610
Net earnings	2,499	1,211
Surplus (deficit), beginning of year	848	(363)
Surplus, end of year	3,347	848

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Operating activities		
Guarantee fees received	4,242	4,161
Application fees	549	543
Investment income received	424	222
Operating expenses	(676)	(600)
	4,539	4,326
Investment activities		
Investment in securities	(4,679)	(4,419)
Decrease in due from Canada Mortgage and Housing Corporation	(140)	(93)

See accompanying notes.

FUNDS ADMINISTERED
HOME IMPROVEMENT LOAN INSURANCE FUND

BALANCE SHEET DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Investment in securities (Note 2)	1,329	1,188
Due from Canada Mortgage and Housing Corporation	10	
Mortgages	4	4
	1,343	1,192

LIABILITIES AND SURPLUS	1990	1989
Due to Canada Mortgage and Housing Corporation		5
Surplus	1,343	1,187
	1,343	1,192

See accompanying notes.

FUNDS ADMINISTERED
HOME IMPROVEMENT LOAN INSURANCE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenues		
Income from investments	150	123
Other	8	9
	158	132
Expenses		
Claims and operating expenses	2	15
Net earnings	156	117
Surplus, beginning of year	1,187	1,070
Surplus, end of year	1,343	1,187

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
RENTAL GUARANTEE FUND

BALANCE SHEET DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989	SURPLUS	1990	1989
Investment in securities (Note 2)	5,474	3,920	Surplus	16,723	15,640
Due from Canada Mortgage and Housing Corporation	249	220			
Real estate	11,000	11,500			
	16,723	15,640		16,723	15,640

See accompanying notes.

FUNDS ADMINISTERED
RENTAL GUARANTEE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenues		
Income from investments	534	409
Other	1,111	656
	1,645	1,065
Expenses		
Operating expenses	58	28
Provision for revaluation of real estate	504	(3,063)
	562	(3,035)
Net earnings	1,083	4,100
Surplus, beginning of year	15,640	11,540
Surplus, end of year	16,723	15,640

See accompanying notes.

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Summary of accounting policies

(a) Basis of presentation

Financial statements for each of the Funds Administered are presented separately from the Corporate Account and the Minister's Account.

(b) Investment in securities

Investments are carried at amortized cost plus accrued interest.

(c) Mortgages

Mortgages are valued at cost less a provision for estimated losses.

(d) Real estate

Real estate acquired upon the payment of a claim resulting from a loan default is valued at net realizable value. Net realizable value is calculated as the current appraised value of the property, as determined by the Corporation, less the discounted value of estimated holding and disposal costs. Amortization is not recorded on the real estate.

(e) Provision for claims

This provision represents the estimated loss on claims in process of payment and the estimated loss on loans, where defaults have occurred, but for which claims have not yet been received by the Corporation.

(f) Premiums

Premiums are deferred and are taken into income over the life of the related policies based on the risk of default in each year.

(g) Premium deficiency

Annually, the Corporation compares the amount of its unearned premiums by line of business to the discounted costs of claims that have not yet occurred on insurance policies in force. Whenever it is determined that the unearned premiums on a line of business are inadequate to meet the expected net costs of future claims, a premium deficiency is charged to income. Subsequently, it is taken into income on the same basis as unearned premiums.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

(h) Guarantee fees

Guarantee fees are deferred and are taken into income over the term of the relative Mortgage-backed Security issue on a straight-line basis. Issues currently exist for terms of between one and twenty years.

(i) Application fees

Application fees are recognized as income when received.

(j) Investment income

Investment income is recorded on the accrual basis.

(k) Issuance costs

Issuance costs are expensed as incurred.

2. Investment in securities

	1990						1989	
	Within 1 year	One to 3 years	Three to 5 years	Over 5 years	Total book value	Estimated market value	Total book value	Estimated market value
	(in millions of dollars)							
Mortgage Insurance Fund								
Canada Treasury bills	89.1				89.1	89.3	143.1	142.5
Promissory notes	26.9				26.9	26.8	21.5	21.6
Government of Canada Bonds	106.3	315.8	265.6	26.8	714.5	714.4	455.2	453.9
Mortgage-backed Securities	0.9	1.9	102.3		105.1	103.2	108.3	104.3
Total	223.2	317.7	367.9	26.8	935.6	933.7	728.1	722.3
Other Funds								
Canada Treasury bills	6.6				6.6	7.4	7.7	7.5
Government of Canada Bonds	2.3	1.8	4.8	2.7	11.6	10.8	3.6	3.7
Total	8.9	1.8	4.8	2.7	18.2	18.2	11.3	11.2

CANADA MORTGAGE AND HOUSING CORPORATION—*Concluded*

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

3. Appropriated surplus—Mortgage Insurance Fund

Management, on the advice of the actuary, has established a reserve for possible additional claims on the Fund which may occur from the present economic downturn. At December 31, 1990, an amount of $66.0 million has been transferred to appropriated surplus for this purpose.

4. Operating expenses

The operating expenses allocated to the Funds by the Corporation for the year ended December 31, 1990 were $79.0 million (1989—$71.0 million).

5. Contingent liabilities

Legal claims of $21.6 million (1989—$16.5 million) are pending against the Mortgage Insurance Fund. Due to the uncertainty of the outcome of these events, no provision for loss has been made. Should costs arise as a result of these actions, they would be expensed when determined.

6. Actuarial valuation—Mortgage Insurance Fund

An actuarial study of the Fund as at September 30, 1990 disclosed that the Fund is now more than sufficient to pay all future claims in respect of business in force. The surplus as at September 30, 1990 was estimated to be $143.3 million (September 30, 1989—$4.2 million).

7. Insurance in force—Mortgage Insurance Fund

At December 31, 1990, the insurance policies in force totalled approximately $52.8 billion (1989—$48.6 billion).

8. Guarantees in force—Mortgage-backed Securities Guarantee Fund

At December 31, 1990, the guarantees in force totalled approximately $4.9 billion (1989—$3.0 billion).

9. Home Improvement Loan Insurance and Rental Guarantee Funds

The Home Improvement Loan Insurance and Rental Guarantee Programs are no longer active.

10. Income tax

The Insurance and Guarantee Funds are not subject to the provisions of the Income Tax Act, Canada.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Canada Museums Construction Corporation Inc. are the responsibility of management and have been approved by members of the Board of Directors of the Corporation. The financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on management's estimates and judgement. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

Management has developed and maintains books of account, records, financial and management controls and information systems. These are designed to provide reasonable assurance that assets are safeguarded and controlled and that transactions are in accordance with Part X of the Financial Administration Act and regulations, and the articles and by-laws of the Corporation.

The members of the Board of Directors carry out their responsibilities for the financial statements principally through an Audit Committee which is composed of three directors, two of whom are not employees of the Corporation. The Audit Committee meets at least annually to review and advise the Board of Directors with respect to the financial statements and the auditor's report thereon. The Audit Committee also oversees the internal audit activities of the Corporation and performs such other functions as are assigned to it.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon.

L.J. O'Toole
Chairman and Chief Executive Officer

R. Plourde
Treasurer and Comptroller

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Museums Construction Corporation Inc. as at March 31, 1991 and the statement of changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonnable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, and the articles and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 31, 1991

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Cash	3,546	886
Accounts receivable		
Due from Canada—Parliamentary appropriation (Note 4)	1,386	4,814
Government entities (Note 9)	1,381	8,760
Others	25	17
Construction in progress (Schedule)		188,424
	6,338	202,901

LIABILITIES	1991	1990
Accounts payable and accrued liabilities	4,651	9,286
Contractors' holdbacks payable	1,963	6,437
	6,614	15,723
EQUITY OF CANADA (DEFICIENCY)		
Capital stock (Note 3)		
Equity (deficiency) (Note 4)	(276)	187,178
	6,338	202,901

Contingencies and claims (Note 8).

Approved by the Board:

L. J. O'TOOLE
Chairman and Chief Executive Officer

A.D. WILSON
Director

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Construction in progress (Schedule)	(6,916)	(33,755)
Changes in non-cash assets and liabilities		
Accounts receivable—Government entities and others	7,371	7,023
Accounts payable and accrued liabilities	(4,635)	(3,195)
Contractors' holdbacks payable	(4,474)	(2,740)
Cash used in operating activities	(8,654)	(32,667)
Financing activities		
Parliamentary appropriation	11,314	33,100
Increase in cash	2,660	433
Cash at beginning of year	886	453
Cash at end of year	3,546	886

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and activities

The Corporation was incorporated on June 21, 1982 under the Canada Business Corporations Act as an agent of Her Majesty pursuant to the Government Companies Operations Act, and is named as a parent Crown corporation in Part I of Schedule III to the Financial Administration Act. Two-thirds of the capital stock is held by the Canada Lands Company Limited, also a parent Crown corporation, and one-third by the Minister of Public Works, the responsible Minister with whom the control of the Corporation lies.

The business of the Corporation is limited to construction, in the National Capital Region, of buildings for the National Gallery of Canada (NGC), the Canadian Museum of Civilization (CMC) and any other national museum which the Governor in Council may direct, including the acquisition, control, administration and disposal of land required for the construction.

(a) Status of the Corporation

The phasing out of the activities of the Corporation started on April 1, 1990, and will continue until September 30, 1991 when it is anticipated that all employment in the Corporation will be terminated and the current lease for the Corporation's office accommodation will be cancelled. All residual activities of the Corporation will be transferred to the Department of Public Works (DPW) by September 30, 1991.

Bill C-8, an Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof, was passed by the House of Commons on May 23, 1991 and is awaiting Senate approval. Among other things, the Act provides for the transfer of the remaining CMCC share to Canada Lands Company Limited.

(b) Funding

In September 1981, the Government allocated $185 million for the two projects. Subsequently, additional increases were approved by Treasury Board to bring the total of funds allocated for construction of the museums to $335.21 million for the period to March 31, 1991, as follows:

	NGC	CMC	Total
	(in millions of dollars)		
Construction	121.84	160.48	282.32
Architects and consultants	14.31	24.70	39.01
	136.15	185.18	321.33
Administration expenses	6.28	7.60	13.88
	142.43	192.78	335.21

(c) Transfer of National Gallery of Canada building

During 1988-89, custody and control of the National Gallery of Canada building were transferred from the Corporation to the Department of Public Works. Accordingly, the construction in progress and equity accounts have been reduced by the net construction cost to March 31, 1991 in the amount of $140.6 million. In accordance with the terms of a memorandum of understanding between the Corporation and the Department of Public Works, the Corporation will continue to be responsible for resolving outstanding construction and consultant claims until September 30, 1991 when all outstanding matters will be transferred to the Department of Public Works.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

(d) Transfer of Canadian Museum of Civilization building

During 1990-91, custody and control of the Canadian Museum of Civilization building were transferred from the Corporation to the Department of Public Works. Accordingly, the construction in progress and equity accounts have been reduced by the net construction cost to March 31, 1991 in the amount of $194.8 million. In accordance with the terms of a memorandum of understanding between the Corporation and the Department of Public Works, the Corporation will continue to be responsible to complete certain work items and deficiencies and to resolve outstanding construction and consultant claims until September 30, 1991, when all outstanding matters will be transferred to the Department of Public Works.

(e) Fit-up and exhibit development

Upon giving preliminary project approval in 1987-88 for the fit-up and exhibit development of the Canadian Museum of Civilization at an estimated cost of $73 million, subsequently increased in 1989-90 to $89 million, Treasury Board assigned responsibility for the fit-up and exhibit development to the former National Museums of Canada (NMC).

An agreement was reached between NMC and CMCC for the Corporation to provide certain services, on a cost recovery basis, related to design, supply and installation of elements of the exhibition development and fit-up work.

The Corporation has completed the construction work under the fit-up program and all recoverable costs have been invoiced in full and paid by the Canadian Museum of Civilization.

(f) Post-construction program

On November 1, 1990 Treasury Board approved $2.7 million for the post-construction program for the Canadian Museum of Civilization, including the work to upgrade the Omnimax theatre hoisting system. This work is managed by the Department of Public Works (DPW). However, because of contractual requirements, certain elements of the work are contracted through CMCC on a cost recovery basis from DPW.

2. Significant accounting policies

(a) Basis of accounting

These financial statements account for the costs incurred by the Corporation in the construction of the museums. They do not account for costs incurred by the National Capital Commission for sites or by the former National Museums of Canada for accommodation planning and fit-ups.

(b) Capitalization

All expenditures, including those for site evaluation, design, construction and administration, will be capitalized until the museums are completed. Interest, management fees and other income are credited to construction in progress. Costs are allocated directly to each museum when they can be specifically identified. All other costs are allocated equally to the two museums.

3. Capital stock

The Corporation is authorized to issue three shares with a nominal value of $1 which shall not be transferred without the approval of the Governor in Council.

4. Equity (deficiency)

During the year, funding of $7.886 million (1990—$33.214 million) was provided by parliamentary appropriation through Vote 20 of the Department of Public Works for the expenditures of the Corporation, of which $6.5 million was received in 1990-91 and $1.386 million in 1991-92. The Corporation has now drawn the full amount of its approved parliamentary appropriation.

	1991	1990
	(in thousands of dollars)	
Opening balance	187,178	155,473
Parliamentary appropriation	7,886	33,214
Transfer of net cost of NGC and CMC buildings	(195,340)	(1,509)
Ending balance	(276)	187,178

5. Pension plan

The Corporation has instituted, with a private sector organization, a contributory pension plan covering all its regular employees. The employees and the Corporation contribute to the plan. The employees contribute 7.5% of gross earnings up to a maximum of $3,500. The employer's share of contribution is 7.5% of the employees' gross earnings. The Corporation's contributions represent its total liability and are recognized in the accounts on a current basis. Pension costs for the plan amounted to $42,102 for the year ended March 31, 1991 (1990—$82,210).

6. Contractual obligations

As at March 31, 1991, commitments for construction and related costs for the Canadian Museum of Civilization amounted to approximately $825,000.

7. Lease commitment

The Corporation has renewed its lease agreement for office space until September 30, 1991. Under the terms of the lease the Corporation is proportionately responsible for payment of operating expenses and taxes to the lessor. The minimum rental payment for 1991-92 is $96,800.

8. Contingencies and claims

(a) Claims have been made against the Corporation totalling approximately $11.6 million for additional construction costs. The final outcome of these claims is not determinable and accordingly, these items are not reflected in the accounts.

(b) The Corporation has given notice to certain consultants of actual pending claims under professional liability insurance policies. These claims are under review. Actions on certain claims have been taken by the insurers. No provision for amounts to be recovered has been made in the financial statements.

Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the settlements occur.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

9. Related party transactions

(a) Under cost recovery arrangements with the Department of Public Works and the Canadian Museum of Civilization, the Corporation receives or provides various services. The following summarizes the transactions:

	Accounts receivable March 31, 1990	Amounts billed during 1991	Amounts received during 1991	Accounts receivable March 31, 1991
	(in thousands of dollars)			
Canadian Museum of Civilization				
Public space fit-up	8,555	(421)	(8,134)	
Imax/Omnimax	167	(103)	(64)	
Department of Public Works				
Public utilities for CMC and other services	38	16	(42)	12
Imax/Omnimax hoisting system		990		990
Post-construction work		379		379
	8,760	861	(8,240)	1,381

(b) The Corporation receives audit and legal services without charge from the Office of the Auditor General of Canada and the Department of Justice of Canada respectively.

10. Administration expenditures

The Corporation incurred the following administration expenditures which have been proportionately allocated to each Museum project relative to total annual construction costs.

	1991	1990
	(in thousands of dollars)	
Salaries and employee benefits	594	1,526
Office accomodation	258	362
Professional and special services	62	58
Public information	60	73
Communications	40	39
Rental of equipment	18	34
Travel and transportation	12	16
Utilities, material and supplies	11	14
Other	12	7
Technical and engineering support	(298)	478
Office furniture and equipment, net of proceeds from disposal	(10)	(53)
	759	2,554
Less: Management fees charged to NMC	253	(596)
	1,012	1,958

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Concluded*

SCHEDULE OF CONSTRUCTION IN PROGRESS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	National Gallery of Canada			Canadian Museum of Civilization			Total		
	Balance to March 31, 1990	1991	Balance to March 31, 1991	Balance to March 31, 1990	1991	Balance to March 31, 1991	Balance to March 31, 1990	1991	Balance to March 31, 1991
Construction costs	113,468	501	113,969	141,236	2,955	144,191	254,704	3,456	258,160
Architects and consultants	13,975	9	13,984	24,561	1,811	26,372	38,536	1,820	40,356
Fit-up	8,776		8,776	34,857	820	35,677	43,633	820	44,453
Post-construction	386	91	477	354	1,286	1,640	740	1,377	2,117
Construction managers	5,600		5,600	9,668	868	10,536	15,268	868	16,136
Landscaping	5,225		5,225	8,837	328	9,165	14,062	328	14,390
	147,430	601	148,031	219,513	8,068	227,581	366,943	8,669	375,612
Administration (Note 10)	7,130	71	7,201	10,316	941	11,257	17,446	1,012	18,458
	154,560	672	155,232	229,829	9,009	238,838	384,389	9,681	394,070
Less:									
Funding by NMC for fit-up	8,776		8,776	34,857	820	35,677	43,633	820	44,453
Funding by NCC for landscaping	4,000		4,000	3,700		3,700	7,700		7,700
Funding by DPW for post-construction	386	91	477	354	1,286	1,640	740	1,377	2,117
Interest income	1,306	40	1,346	2,494	528	3,022	3,800	568	4,368
	14,468	131	14,599	41,405	2,634	44,039	55,873	2,765	58,638
Net cost	140,092	541	140,633	188,424	6,375	194,799	328,516	6,916	335,432
Transfer of NGC and CMC to DPW (Notes 1(c), 1(d) and 4)	(140,092)	(541)	(140,633)		(194,799)	(194,799)	(140,092)	(195,340)	(335,432)
				188,424	(188,424)		188,424	(188,424)	

CANADA PORTS CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Canada Ports Corporation as at December 31, 1990 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Ports Corporation Act and the by-laws of the Corporation.

Coopers & Lybrand
Chartered Accountants

Ottawa, Canada
February 15, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Current		
Cash	861	244
Short-term investments (Note 3)	28,409	32,867
Accounts receivable	1,960	1,793
Due from Canada	1,036	426
Materials and supplies	293	264
	32,559	35,594
Investments (Note 3)	18,497	18,429
Long-term receivable (Note 4)	224	299
Investment in Ridley Terminals Inc.	1	1
Fixed assets (Note 6)	40,812	36,059
	92,093	90,382
Interport Loan Fund—Assets (Note 11)	32,064	28,568
	124,157	118,950

LIABILITIES	1990	1989
Current		
Accounts payable and accrued liabilities (Note 7)	9,641	4,169
Grants in lieu of municipal taxes	384	118
Due to Canada (Note 10)	10,220	
	20,245	4,287
Accrued employee benefits	1,340	1,208
Loans from Canada (Note 8)	1,226	1,319
Deferred revenues	279	
Due to Interport Loan Fund (Note 9)	3,745	
	26,835	6,814
EQUITY OF CANADA		
Contributed capital (Note 10)	53,198	73,638
Retained earnings	12,060	9,930
	65,258	83,568
	92,093	90,382
Interport Loan Fund—Contra (Note 11)	32,064	28,568
	124,157	118,950

On behalf of the Board:

THE HONOURABLE A.R. HUNTINGTON
Chairman

JEAN MICHEL TESSIER
President and Chief Executive Officer

CANADA PORTS CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenue from operations	10,592	9,566
Operating and administrative expenses—Net	9,820	8,769
Depreciation	2,958	2,690
Grants in lieu of municipal taxes	861	692
	13,639	12,151
Loss from operations	(3,047)	(2,585)
Investment income	5,616	5,369
Interest expense	(212)	(112)
Income before the undernoted	2,357	2,672
Share in loss of Ridley Terminals Inc.		(3,082)
Adjustement of grants in lieu of municipal taxes (Note 4)		1,174
Net income for the year	2,357	764
Retained earnings at beginning of the year	9,930	9,240
Dividend to Canada	(227)	(74)
Retained earnings at end of the year	12,060	9,930

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Operating activities		
Net income for the year	2,357	764
Items not affecting cash		
Depreciation	2,958	2,690
Share in loss of Ridley Terminals Inc.		3,082
Accrued employee benefits	132	37
Deferred interest	106	
Other	(30)	(13)
Long-term deferred revenues	279	
Long-term receivable	75	(299)
Net change in operating components of working capital	(1,112)	(12,060)
Cash provided (required) by operating activities	4,765	(5,799)
Financing activities		
Capital grants	9,747	2,754
Change in due from Canada	(610)	2,056
Transfers from Interport Loan Fund	3,639	
Repayment of loans from Canada	(87)	(81)
Contribution to Canada	(20,440)	
Amount due to Canada	10,220	
Dividend paid to Canada	(227)	(74)
Cash provided by financing activities	2,242	4,655
Investing activities		
Additions to fixed assets	(17,496)	(4,664)
Change in construction payables	6,648	(1,354)
Cash required by investing activities	(10,848)	(6,018)
Decrease in cash and short-term investments	(3,841)	(7,162)
Cash and short-term investments at beginning of the year	33,111	40,273
Cash and short-term investments at end of the year	29,270	33,111

CANADA PORTS CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Canada Ports Corporation Act

Canada Ports Corporation is established under the Canada Ports Corporation Act. The Act provides for the establishment of local port corporations to manage and operate selected ports. The Corporation is named in Part II of Schedule III of the Financial Administration Act and is exempt from income tax.

2. Significant accounting policies

(a) Financial statements

The financial statements of the Corporation include the accounts of the ports and other facilities under its administration, as well as those of the Interport Loan Fund. The activities of the local port corporations are excluded from the financial statements from the date of their establishment.

(b) Investments

The investments are shown at amortized cost whereby premiums or discounts from par value are amortized over the periods to maturity.

(c) Investment in Ridley Terminals Inc.

The investment in Ridley Terminals Inc. is accounted for on the equity basis.

(d) Fixed assets

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

(e) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(f) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are finalized after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(g) Employee benefits

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees under its collective agreements, or in accordance with its policy.

3. Investments

Investments are direct and guaranteed securities of Canada. Their amortized cost and market value are as follows:

	1990		1989	
	Amortized cost	Market value	Amortized cost	Market value
	(in thousands of dollars)			
Current—				
Canada treasury bills	28,409	28,435	32,867	32,788
Long-term—				
Canada bonds	18,497	20,129	18,429	21,080

4. Long-term receivable

In 1989, the Municipal Grants Division of Public Works Canada finalized an audit of grants in lieu of municipal taxes. This audit resulted in an adjustment of $1,174,000 in favour of the Corporation for the years 1985 to 1989, $800,000 of which had been accrued in previous years. This accrual was reversed and the balance of $374,000 was set up in 1989 as a long-term receivable from the Local Government District of Churchill in Manitoba. The receivable is to be recovered in equal annual installments from 1990 to 1994.

	1990	1989
	(in thousands of dollars)	
Non-interest bearing receivable	299	374
Less: current portion	(75)	(75)
	224	299

5. Debentures of Saint John Harbour Bridge Authority

As at December 31, 1989, the Saint John Harbour Bridge Authority (the Authority) was indebted in the amount of $13,793,000 to the Corporation, which in turn was indebted to Canada in the same amount. Accordingly, the debentures receivable and the advances payable had been offset against each other, as were the related interest income and expense of $947,000 for 1989. Thus the financial statements of the Corporation for the year then ended December 31, 1989 did not reflect any of these amounts.

In June 1990, the Corporation, by agreement with the Government of Canada and the Authority, assigned and transferred to Canada the debentures receivable from the Authority, and was thereby released and discharged from the related indebtedness to Canada.

CANADA PORTS CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

6. Fixed assets

(a) Summary

		1990			1989
	Depreciation rates	Cost	Accumulated depreciation	Net	Net
	%	(in thousands of dollars)			
Land		4,482		4,482	4,482
Dredging	2.5-6.7	9,489	6,339	3,150	3,475
Berthing structures	2.5-10	34,515	18,419	16,096	16,826
Buildings	2.5-10	16,418	12,432	3,986	4,187
Utilities	3.3-10	2,818	1,558	1,260	1,363
Roads and surfaces	2.5-10	3,775	1,958	1,817	571
Machinery and equipment	5-100	20,187	16,669	3,518	4,118
Office furniture and equipment	20	3,237	2,385	852	794
Works under construction		5,651		5,651	243
		100,572	59,760	40,812	36,059

(b) Capital grants

During the year, the Corporation received capital grants towards the construction of fixed assets totalling $9,747,000 (1989—$2,754,000).

(c) Capital expenditure commitments

Contractual obligations for the completion, construction and purchase of fixed assets are estimated at $28,938,000 of which most will be expended in the year ending December 31, 1991.

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are deferred revenues of $965,000 (1989—$679,000) and current portion of long-term liabilities of $93,000 (1989—$87,000).

8. Loans from Canada

	1990	1989
	(in thousands of dollars)	
Loans bearing interest at 6.44% and 9.09%, repayable in blended annual instalments of principal and interest of $193,000 and maturing on December 31, 2000	1,319	1,406
Less: current portion	(93)	(87)
	1,226	1,319

Principal repayment requirements over the next five years amount to $93,000 in 1991, $100,000 in 1992, $108,000 in 1993, $116,000 in 1994 and $124,000 in 1995.

9. Due to Interport Loan Fund

The Interport Loan Fund has provided financing for a capital project of a port under the administration of the Corporation. This financing comprised transfers of funds totalling $3,639,000 and accrued interest on the transfers of $106,000. The transfers bear interest at 10.91% to 11.47% and are to be repaid in twenty blended annual instalments of principal and interest, scheduled to commence December 31, 1993.

The terms of the transfers provide that accrued interest is to be added to the principal amount of the transfers and compounded annually until the annual payments commence. The repayment of the deferred interest is subject to the same terms as the principal amount of the transfers.

Principal repayment requirements over the next five years amount to $70,000 in 1993, $78,000 in 1994 and $87,000 in 1995.

10. Contributed capital

Canada has requested a contribution of $100 million towards the federal deficit reduction from Canada Ports Corporation and the local port corporations. Cash payments have been requested of ports identified with cash reserves exceeding their short-term capital investment needs.

The Corporation's share of the contribution was $20.44 million of which $10.22 million is shown as Due to Canada at December 31, 1990. The contribution has been applied against Contributed Capital as follows:

	1990	1989
	(in thousands of dollars)	
Balance at beginning of the year	73,638	73,638
Contribution to Canada	(20,440)	
Balance at end of the year	53,198	73,638

11. Interport Loan Fund

In 1989, Canada provided a grant of $26,650,000 to establish the Interport Loan Fund. This grant was equivalent to the 1988 and 1989 dividend payments of the Corporation and the local port corporations, plus accrued interest.

The purpose of the Fund is to provide financing for financially viable capital projects of the Corporation and the local port corporations.

The balance sheet of the Fund as at December 31 shows:

	1990	1989
	(in thousands of dollars)	
Assets		
Current		
Cash and treasury bill investments	28,319	28,568
Transfers receivable	3,745	
	32,064	28,568
Fund balance		
Contribution from Canada	26,650	26,650
Retained earnings	5,414	1,918
	32,064	28,568

CANADA PORTS CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

The investments of the Fund, shown at amortized cost, are direct and guaranteed securities of Canada. As at December 31, 1990 and 1989, the market value of the investments approximates their amortized cost.

The transfers made in 1990 are described in Note 9.

The Fund is committed to providing financing of $55.3 million for financially viable capital projects of divisional ports over the next three years. Canada has made a commitment to invest up to $50 million in the Fund over the same time period.

The statement of income and retained earnings of the Fund for the year ended December 31, 1990 in comparison with the seven month period ended December 31, 1989, is as follows:

	1990	1989
	(in thousands of dollars)	
Interest income	3,571	1,918
Administrative expenses	75	
Net income	3,496	1,918
Retained earnings at beginning of the year/period	1,918	
Retained earnings at end of the year/period	5,414	1,918

12. Related party transactions

Through common ownership, the Corporation is related to all Government of Canada created departments, agencies and Crown corporations.

In accordance with the Canada Ports Corporation Act, operating and administrative costs incurred by the Corporation in the amount of $7,177,000 have been recovered from the local port corporations in 1990 ($6,225,000 in 1989). These recoveries are offset against the related expenses.

Investment income of $5,616,000 ($5,369,000 in 1989) was earned on Government of Canada securities and interest charges of $106,000 ($112,000 in 1989) were paid to Canada. Details of other transactions with the Government of Canada are disclosed in Notes 6(b), 8 and 10.

13. Contingencies

Claims aggregating approximately $3,459,000 in respect of lawsuits, guarantees, employee agreements, damages allegedly suffered on the Corporation's property and sundry other matters in dispute have been received by the Corporation but are not reflected in the accounts. In the opinion of the Corporation, the final outcome of such claims should not result in any material financial liability.

The Corporation assumes all risks with respect to workers' compensation claims. Any costs arising from such claims are recorded in the accounts in the year they can be reasonably estimated.

CANADA POST CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management and the Board of Directors are responsible for the consolidated financial statements and all other information presented in this annual report in accordance with the Financial Administration Act and regulations. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on management's estimates and judgement.

Management has developed and maintains books of account, records, financial and management control, and information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Financial Administration Act and regulations as well as the Canada Post Corporation Act and by-laws of the Corporation. Internal audits are conducted to assess these systems and practices.

The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control through the Audit Committee, which is composed of six directors who are not employees of the Corporation. The Audit Committee meets quarterly to oversee the internal audit activities of the Corporation, and at least annually to review and advise the Board of Directors with respect to the consolidated financial statements and the auditors' annual report.

The Corporation's external auditors, the Auditor General of Canada and Arthur Andersen & Co., examine the consolidated financial statements and report to the Audit Committee as well as the Minister responsible for Canada Post Corporation.

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE
FOR CANADA POST CORPORATION

We have audited the consolidated balance sheet of Canada Post Corporation as at March 31, 1991, and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Post Corporation Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Arthur Andersen & Co.
Chartered Accountants

Ottawa, Canada
May 24, 1991

CANADA POST CORPORATION—*Continued*

CONSOLIDATED BALANCE SHEET MARCH 31
(in thousands of dollars)

ASSETS	1991	1990
Current assets		
Cash and short-term investments	333,266	378,796
Accounts receivable	141,994	118,369
Prepaid expenses	71,184	56,479
	546,444	553,644
Fixed assets (Note 5)	1,947,288	1,828,334
Other assets		
Segregated cash and investments (Note 6)	121,749	81,782
Deferred development costs	46,478	44,023
Collection of postal memorabilia (Note 7)	1	1
	168,228	125,806
	2,661,960	2,507,784

LIABILITIES AND EQUITY OF CANADA	1991	1990
Current liabilities		
Accounts payable and accrued liabilities	313,891	242,984
Salaries and benefits	200,316	136,877
Deferred revenues	176,602	177,143
Outstanding money orders	48,826	47,192
	739,635	604,196
Long-term debt (Note 8)	135,000	80,000
Employee termination benefits	342,407	333,492
EQUITY OF CANADA		
Contributed capital (Note 9)	1,355,172	1,355,172
Retained earnings	89,746	134,924
	1,444,918	1,490,096
	2,661,960	2,507,784

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

ROGER L. BEAULIEU
Chairman of the Board

A. ERNEST DOWNS
Chairman of the Audit Committee

CANADA POST CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED MARCH 31
(in thousands of dollars)

	1991	1990
Revenue from postal operations	3,739,206	3,579,843
Cost of postal operations	3,664,433	3,473,258
Income from postal operations	74,773	106,585
Other income		
Gain on disposal of fixed assets	5,073	118,267
Interest	40,928	57,983
	46,001	176,250
Other expense		
Restructuring costs (Note 4)	97,463	126,119
Interest	8,969	7,916
	106,432	134,035
Net income	14,342	148,800
Retained earnings (accumulated deficit)		
Beginning of year	134,924	(13,876)
Dividend	(59,520)	
End of year	89,746	134,924

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31
(in thousands of dollars)

	1991	1990
Cash provided by (used for)		
Operating activities		
Net income	14,342	148,800
Items not requiring cash		
Depreciation	141,352	111,453
Accrued employee termination benefits	42,904	22,111
Amortization of deferred development costs	7,206	
Gain on disposal of fixed assets	(5,073)	(118,267)
	200,731	164,097
Change in non-cash working capital items	97,109	(125,504)
Employee termination benefit payments	(33,989)	(27,741)
	263,851	10,852
Dividend	(59,520)	
Financing activities		
Long-term debt	55,000	
Investment activities		
Acquisition of fixed assets	(268,628)	(319,861)
Increase in segregated cash and investments	(39,967)	(40,688)
Proceeds on disposal of fixed assets	13,395	147,916
Deferred development costs	(9,661)	(44,023)
	(304,861)	(256,656)
Decrease in cash and short-term investments	(45,530)	(245,804)
Cash and short-term investments at beginning of year	378,796	624,600
Cash and short-term investments at end of year	333,266	378,796

The accompanying notes are an integral part of these financial statements.

CANADA POST CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991

1. Incorporation

The Corporation was established by the Canada Post Corporation Act to operate a postal service on a self-sustaining financial basis while providing a standard of service that will meet the needs of the people of Canada. The Corporation is a Crown corporation included in Part II of Schedule III to the Financial Administration Act and is an agent of Her Majesty. The Corporation is exempt from income taxes.

2. Rate regulation

The Canada Post Corporation Act provides that the Corporation may make regulations prescribing rates of postage that are fair and reasonable so as to provide revenue together with any revenue from other sources, sufficient to defray the costs incurred by the Corporation in the conduct of its operations. The Corporation is required to publish each proposed regulation for interested persons to make representations to the Minister responsible for the Corporation, who thereafter submits the regulation to the Governor in Council for consideration and subsequent approval or refusal.

3. Significant accounting policies

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles. A summary of the significant accounting policies of the Corporation follows:

(a) Consolidation

The consolidated financial statements of the Corporation include the accounts of Canada Post Corporation and its wholly-owned subsidiary, Canada Post Systems Management Limited.

(b) Fixed assets and depreciation

Land, buildings and equipment transferred from the Government of Canada on incorporation were recorded at their fair value at that date, determined as follows:

Land	—Market value based on existing use
Buildings	—Depreciated replacement cost
Plant equipment, vehicles, sales counter, office furniture and equipment, and other equipment	—Depreciated replacement cost or original cost less estimated depreciation

The market value of land and the depreciated replacement cost of buildings transferred by the Government of Canada were determined by independent appraisals. Acquisitions subsequent to incorporation are recorded at cost.

Depreciation is provided on the straight-line basis over the estimated useful lives of the following assets:

Buildings	30 and 40 years
Plant equipment	4 to 30 years
Vehicles (other than passenger and light duty commercial)	6 to 10 years
Sales counter and office furniture and equipment	5 to 20 years
Other equipment	5 to 15 years

Depreciation is provided on the diminishing balance basis at an annual rate of 30 per cent for all passenger and light duty commercial vehicles.

(c) Employee termination benefits

Employees of the Corporation are entitled to specified termination benefits, calculated at salary levels in effect at the time of termination, as provided under collective agreements and conditions of employment.

The present value of the projected costs of unpaid employee termination benefits, as determined by actuarial valuation, is recorded in the accounts as a long-term liability.

Such benefits accruing to employees, as well as gains and losses arising from actuarial valuation, are included in current operations.

(d) Revenue recognition

Amounts received for which services have not been rendered prior to the end of the year are deferred.

(e) Pension plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions, which amounted to $96,052,000 (1990—$97,006,000), represent the total pension obligations of the Corporation and are included in current operations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(f) Deferred development costs

Costs incurred in the development of new mail products and the retail postal network are deferred. These costs are amortized on the straight-line basis over the expected period of economic benefit.

(g) Foreign currency translation

Revenues and expenses relating to transactions with foreign postal administrations are translated into Canadian dollars at the exchange rates at the time of transaction. Amounts due to or from foreign postal administrations at the balance sheet date are translated at the then prevailing exchange rates. Gains or losses arising from translation of foreign currencies are included in current operations.

4. Restructuring costs

The Corporation is currently undertaking a multi-year program of significant initiatives to establish a more efficient and effective postal system. Individual initiatives are approved on an ongoing basis. Costs include the development and implementation of management and operating systems as well as the realignment of resources.

CANADA POST CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

5. Fixed assets

	1991			1990
	Cost or fair value	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
Land	216,344		216,344	214,742
Buildings	1,191,072	348,255	842,817	822,695
Plant equipment	681,894	254,459	427,435	345,196
Vehicles	112,619	67,323	45,296	60,308
Sales counter and office furniture and equipment	317,600	85,884	231,716	223,021
Other equipment	233,152	49,472	183,680	162,372
	2,752,681	805,393	1,947,288	1,828,334

6. Segregated cash and investments

The Corporation has segregated certain cash and investments, recorded at cost, for the purpose only of managing cash flows relating to the employee termination benefits liability.

7. Collection of postal memorabilia

The Corporation has an agreement with both the National Archives of Canada and the Canadian Museum of Civilization to operate, administer and maintain a Canadian Postal Archives and a National Postal Museum, respectively, containing philatelic material, postal artifacts, a postal library and exhibits that trace the history of the mail and other memorabilia. Since these collections, exhibits and books are not for resale and are of undetermined value, they have been recorded at a nominal amount of $1,000.

8. Long-term debt

(a) Long-term loan—Government of Canada

In 1988, the Corporation entered into a 10-year $80 million loan with the Government of Canada. Interest is payable semi-annually at the rate of 9.705 per cent per annum, and the principal becomes due and payable on April 27, 1998.

(b) Long-term bonds

On March 15, 1991, the Corporation issued for cash, $55 million of non-redeemable bonds maturing in March 2016. Interest is payable semi-annually at the rate of 10.35 per cent per annum.

Interest expense on long-term debt was $8,029,000 (1990—$7,764,000).

9. Contributed capital adjustment

In prior years, the Corporation was permitted by the rate regulator to recover certain costs from future postal users. On April 1, 1989, the Governor in Council, as rate regulator, authorized the elimination of the accumulated unamortized balances of these costs, in the amount of $588,253,000, against contributed capital.

10. Contingent liabilities

(a) With respect to a complaint filed with the Canadian Human Rights Commission, alleging discrimination by the Corporation concerning work of equal value, the Commission's investigation is continuing and the outcome is not currently determinable. Settlement, if any, arising from resolution of this matter will be recovered in future postal rates (as determined in accordance with the Canada Post Corporation Act) and/or from the Government of Canada.

(b) Employees are permitted to accumulate unused sick leave. However, such leave entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which will become payable in future years cannot reasonably be determined. Payments of sick leave benefits are included in current operations.

11. Lease commitments

The Corporation occupies certain facilities under operating leases which expire at various dates between 1992 and 2027. The Corporation's future minimum rental payments required under operating leases that have terms in excess of one year, are as follows:

	(in thousands of dollars)
1992	54,350
1993	43,232
1994	34,856
1995	23,533
1996	16,710
1997 to 2027	40,453
	213,134

12. Related party transactions

The Corporation had the following transactions with related parties in addition to those disclosed elsewhere in these consolidated financial statements.

(a) Payments on behalf of postal users

Where Government policy requires the Corporation to provide services at rates less than cost, to the publications industry, and for Government free mail, literature for the blind and Northern air stage services, the Government of Canada compensates the Corporation for foregone postage revenue from those sources. Payments received, amounting to $203,593,000 (1990—$239,593,000), are included in revenue from postal operations.

(b) Property management

The Corporation has incurred net operating costs of $206,080,000 (1990—$191,706,000) in respect of a property management arrangement with the Department of Public Works to manage substantially all the Corporation's real property. In addition, capital expenditures amounted to $11,982,000 (1990—$29,787,000).

(c) Interest

The Corporation earned interest in the amount of $1,740,000 (1990—$1,769,000) on its balance in the Consolidated Revenue Fund of the Government of Canada.

CANADA POST CORPORATION—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

(d) Other

In the normal course of business, the Corporation enters into various other transactions with the Government of Canada, its agencies and other Crown corporations. These include the provision of postal services and the purchase of air and rail transportation.

As a result of all the above transactions, the amounts due from and to these parties are $14,459,000 (1990—$10,696,000) and $147,100,000 (1990—$82,437,000) respectively.

13. Subsequent event

On May 24, 1991, the Board of Directors declared a dividend payable on June 28, 1991 to the Shareholder, the Government of Canada in the amount of 40 per cent of net income with respect to the fiscal year ended March 31, 1991. This amounted to $5,737,000.

CANADIAN BROADCASTING CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements and all other information presented in this annual report are the responsibility of management and have been approved by the Board of Directors of the Corporation. These financial statements, which include amounts based on management's best estimates as determined through experience and judgement, have been properly prepared within reasonable limits of materiality and are in accordance with generally accepted accounting principles.

Management of the Corporation maintains books of account, records, financial and management control, and information systems, which are designed for the provision of reliable and accurate financial information on a timely basis. These controls provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives, that operations are carried out effectively and that transactions are in accordance with the former Part VIII of the Financial Administration Act and regulations as they apply to the Corporation, the Broadcasting Act and the by-laws of the Corporation.

The Corporation's Internal Auditor has the responsibility for assessing the Corporation's systems, procedures and practices. The Auditor General of Canada conducts an independent examination of the annual financial statements and reports on his examination to the Canadian Broadcasting Corporation and the Minister of Communications.

The Board of Directors' Audit Committee, which consists of three members, none of whom is an officer of the Corporation, reviews and advises the Board on the financial statements and the Auditor General's report thereto. The Audit Committee oversees the activities of Internal Audit and meets with management, the Internal Auditor and the Auditor General on a regular basis.

Gérard Veilleux
President

S. Cotsman
Vice-President, Finance and Administration

AUDITOR'S REPORT

TO THE CANADIAN BROADCASTING CORPORATION
AND THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Broadcasting Corporation as at March 31, 1991 and the statements of income and expense and reconciliation to government funding basis, proprietor's equity account and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the former Part VIII of the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with the former Part VIII of the Financial Administration Act and regulations as they apply to the Corporation, the Broadcasting Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 7, 1991

CANADIAN BROADCASTING CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990	LIABILITIES	1991	1990
Current			Current		
Cash and treasury bills	60,069	5,630	Accounts payable and accrued liabilities	177,313	150,701
Accounts receivable	91,402	81,348	Accrued vacation pay	51,816	51,676
Engineering and production supplies and merchandise	7,691	10,983		229,129	202,377
Programs completed and in process of production	78,400	88,196	Long-term		
Prepaid film and script rights and other expenses	41,856	32,655	Employee termination benefits	103,348	104,676
	279,418	218,812	Accrued pension liability (Note 5)	1,881	
Capital assets (Note 3)	735,932	715,487	Advances from Government of Canada (Note 6)	33,000	33,000
Deferred charges (Note 4)	4,475	6,708	Obligations under capital leases (Note 7)	991	254
				139,220	137,930
			PROPRIETOR'S EQUITY		
			Proprietor's equity account	651,476	600,700
	1,019,825	941,007		1,019,825	941,007

The accompanying notes and schedule A are an integral part of the financial statements.

Approved on behalf of the Board of Directors:

S. COTSMAN
Vice-President, Finance and Administration

GÉRARD VEILLEUX
Director

ROBERT KOZMINSKI
Director

CANADIAN BROADCASTING CORPORATION—*Continued*

STATEMENT OF INCOME AND EXPENSE
AND RECONCILIATION TO GOVERNMENT
FUNDING BASIS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Income		
Net advertising	303,887	303,323
Miscellaneous	58,806	49,650
Parliamentary operating appropriation* (Note 8)	985,212	849,335
	1,347,905	1,202,308
Expense		
National Broadcasting Service (see schedule A)	1,201,966	1,154,620
Radio Canada International, broadcasting service	20,657	20,246
Corporate engineering services	9,988	10,098
Corporate management and services	48,318	48,928
Selling and merchandising	46,771	51,368
Restructuring and expenditure reductions/ downsizing (Note 9)	62,055	19,573
	1,389,755	1,304,833
Excess of expense over income before income taxes	41,850	102,525
Income taxes (Note 10)	1,414	1,053
Excess of expense over income	43,264	103,578
Reconciliation to government funding basis		
Deduct: Net items not requiring current operating funds (Note 8)	74,685	73,921
Surplus (deficit) for the year	31,421	(29,657)
(Deficit) surplus, beginning of year	(23,090)	6,567
Surplus (deficit), end of year	8,331	(23,090)

The accompanying notes and schedule A are an integral part of the financial statements.

*During the fiscal period ending March 31, 1991, the Corporation received supplementary appropriations of $50.0 million to assist in the funding of restructuring costs. Approval was also granted to transfer $25.1 million from Capital to Operating appropriations to address recession constraints.

SCHEDULE OF NATIONAL BROADCASTING SERVICE
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars) SCHEDULE A

	1991	1990
Program activities		
English language		
Radio		
Network	54,891	53,253
Regional contributions to network	21,172	21,244
Regional	69,635	64,027
Television		
Network	319,493	306,357
Regional contributions to network	72,145	61,762
Regional	113,812	116,221
French language		
Radio		
Network	46,070	45,035
Regional contributions to network	7,407	8,514
Regional	36,001	32,813
Television		
Network	226,322	211,687
Regional contributions to network	22,340	18,891
Regional	50,560	55,340
	1,039,848	995,144
Distribution activities		
Radio		
Network distribution	23,006	23,477
Station transmission	18,942	18,659
Television		
Network distribution	81,511	79,452
Station transmission	21,816	22,303
Payments to private stations	16,843	15,585
	162,118	159,476
	1,201,966	1,154,620

The accompanying notes are an integral part of the financial statements.

CANADIAN BROADCASTING CORPORATION—*Continued*

STATEMENT OF PROPRIETOR'S EQUITY ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Balance, beginning of year	600,700	551,934
Add (deduct)		
Parliamentary capital appropriations* (Note 8)	89,218	128,040
Parliamentary working capital appropriation (Note 8)	4,000	4,000
(Loss) gain on disposal of capital assets	(318)	20,304
Contributions to capital projects	1,140	
Surplus (deficit) for the year	31,421	(29,657)
Net items not requiring current operating funds (Note 8)	(74,685)	(73,921)
Balance, end of year	651,476	600,700

The accompanying notes and schedule A are an integral part of the financial statements.

*During the fiscal period ending March 31, 1991, the Corporation received approval to transfer $25.1 million from Capital to Operating appropriations to address recession constraints.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Excess of expense over income	(43,264)	(103,578)
Items not involving cash		
Amortization	68,294	63,780
Newsworld development cost amortization	1,298	717
Employee termination benefits	(1,328)	971
Deferred pension contribution	2,817	6,208
Net change in non-cash working capital balances (Note 11)	21,924	17,948
	49,741	(13,954)
Financing activities		
Parliamentary capital appropriations (Note 8)	89,218	128,040
Parliamentary working capital appropriation	4,000	4,000
Proceeds on disposal of/and contributions to/ capital assets	3,402	22,228
Capital lease obligations assumed	1,924	
	98,544	154,268
Investing activities		
Acquisition of capital assets	(89,396)	(149,655)
Capital portion of lease payments	(2,526)	(1,798)
Equipment acquired under capital leases	(1,924)	
Newsworld development costs deferred		(5,189)
	(93,846)	(156,642)
Increase (decrease) in cash and treasury bills	54,439	(16,328)
Cash and treasury bills, beginning of year	5,630	21,958
Cash and treasury bills, end of year	60,069	5,630

The accompanying notes and schedule A are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1991

1. Authority and objective

The Canadian Broadcasting Corporation was established by the 1936, 1958 and 1968 Broadcasting Acts. The Corporation is an agent of Her Majesty and all property acquired by the Corporation is the property of Her Majesty.

As the national public broadcaster, the Canadian Broadcasting Corporation provides radio and television services in both official languages incorporating predominantly and distinctively Canadian programs to reflect Canada and its regions to national and regional audiences.

A new Broadcasting Act became effective June 4, 1991. This new act does not impact on the current year's financial statements.

2. Significant accounting policies

(a) Engineering and production supplies and merchandise

The inventory of engineering and production supplies is stated at the lower of average cost and replacement cost. The inventory of merchandise is stated at the lower of cost and net realizable value.

(b) Programs completed and in process of production

Programs completed and in process of production are stated at cost. Cost includes the cost of goods and services, and the share of labour and overhead expenses applicable to each program.

Program costs are charged to operations as the programs are broadcast or deemed unusable.

(c) Film rights

The Corporation enters into contracts for film broadcasting rights. As payments are made under the terms of each contract they are reflected in the accounts as prepaid film rights. The film rights are charged to operations as the films are broadcast or deemed unusable.

(d) Capital assets

Capital assets are recorded at cost. The cost of assets constructed by the Corporation includes material, engineering services, direct labour and related overhead. Amortization is calculated on the straight-line method using rates based on the estimated useful life of the assets as follows:

Buildings	33 years
Technical equipment	
Transmitters and towers	20 years
Other	10 years
Furnishings and office equipment	10 years
Automotive	5 years
Computers	5 years

Major leasehold improvements are capitalized and amortized over the term of the respective leases to a maximum period of five years. Amounts included in uncompleted capital projects are transferred to the appropriate capital asset classification upon completion, and are then amortized according to the Corporation's policy. Gains and losses on disposals of capital assets are credited or charged to Proprietor's Equity Account.

CANADIAN BROADCASTING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1991—*Continued*

(e) Capital leases

Assets recorded as capital leases are amortized on the straight-line method over the estimated useful life of the assets or the lease term as appropriate. Obligations recorded under the capital leases are reduced by lease payments net of imputed interest.

(f) Pension cost and obligation

The Corporation provides pensions based on length of service and final average earnings as classified under defined benefit pension plans.

The cost of pension benefits earned by employees is determined using the projected benefit method of actuarial valuation with projected salary increases where appropriate, pro-rated on services and charged to expense as services are rendered. This cost reflects management's best estimate of the pension fund's expected investment yields, and of salary escalations, mortality of members, terminations and ages at which members will retire. The surplus on the introduction of this accounting policy (effective April 1, 1987), adjustments arising from plan amendments, experience gains and losses and changes in assumptions are amortized over the estimated average remaining service life of the employee group.

The difference between the accumulated amounts expensed and the funding contributions is reflected in the balance sheet as a long term deferred charge or accrued pension liability as the case may be.

(g) Employee termination benefits and vacation pay

Employee termination benefits and vacation pay are expensed as benefits accrue to employees under their respective terms of employment.

(h) Parliamentary appropriations

Parliamentary appropriations for operating expenditures are recorded as income. Parliamentary appropriations for capital and working capital are credited to Proprietor's Equity Account.

3. Capital assets

	1991			1990
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Land	35,386		35,386	35,357
Buildings	288,714	131,800	156,914	152,595
Technical equipment	780,341	405,967	374,374	351,100
Furnishings, office equipment and computers	49,406	26,862	22,544	24,357
Automotive	15,311	10,950	4,361	4,004
Leasehold improvements	7,931	5,692	2,239	2,449
Property under capital leases	1,347	293	1,054	1,397
Uncompleted capital projects	139,060		139,060	144,228
	1,317,496	581,564	735,932	715,487

4. Deferred charges

In the fiscal year 1988-89 the Corporation was granted a license to operate CBC Newsworld. Total development costs amounting to $6.5 million at August 31, 1989 are being amortized over a five year period commencing September 1, 1989. Amortization for the year amounted to $1.3 million ($0.7 million for the seven months, ended March 31, 1990).

5. Accrued pension liability

Using methods and assumptions identified in the pension cost and obligation accounting policy (2f), projections from the latest actuarial valuations show an estimated present value of accrued pension benefits of $1,923.3 million as at March 31, 1991 (1990—$1,768.5 million) which includes $2.3 million (1990—$2.4 million) of unfunded retirement benefits. Market related values have been used for valuing pension fund assets which based on financial information as at March 31, 1991 are valued at $2,039.5 million (1990—$1,866.8 million).

The accrued pension liability as at March 31, 1991 amounts to $1.9 million (1990—$0.9 million deferred charge) and is the difference between the accumulated pension expense and the required funding contributions.

6. Advances from Government of Canada

Advances from the Government of Canada are made for working capital purposes and are non-interest bearing. These advances become repayable when cash and treasury bills exceed the Corporation's requirements for working capital.

Working capital is determined on a government funding basis which excludes items not requiring current operating or capital funds.

7. Lease obligations

(a) Existing leases

As at March 31, 1991, the Corporation's obligations related to capital leases and operating leases for terms in excess of one year are as follows:

	Capital leases	Operating leases
	(in thousands of dollars)	
1992	284	42,860
1993	277	31,992
1994	269	21,494
1995	628	13,094
1996		6,959
1997-2062		15,122
Total future payments	1,458	131,521
Deduct: imputed interest	299	
Present value of capital lease obligations	1,159	
Deduct: current portion	168	
Long-term obligations under capital leases	991	

CANADIAN BROADCASTING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1991—*Continued*

(b) Broadcast Centre development project, Toronto

In accordance with Governor in Council approval, the Corporation signed a project agreement, dated September 30, 1988, with Cadillac Fairview Corporation Limited, as the selected developer, for the construction of a building, on the Corporation's site in downtown Toronto, to house the Corporation's Toronto-based operations.

On October 14, 1988, the Corporation entered into a Broadcast Centre agreement to lease with Cadillac Fairview whereby the Corporation will, upon substantial completion of the Canadian Broadcasting Centre building, now estimated to be July 1992, execute Broadcast Centre leases for the building and underlying lands for an initial period of thirty-five years. The Corporation advances funds against the project to Cadillac Fairview in order to minimize the future interest costs associated with the lease.

The Corporation is committed under this lease to pay rent under all circumstances and, in the event of termination of the lease, at the Corporation's option or otherwise, pay sufficient rent to repay all interim and permanent financing.

8. Parliamentary appropriations

The Corporation receives funds from the Parliament of Canada through annual appropriations. In the fiscal year 1990-91, the Corporation received supplementary operating appropriations of $50.0 million to assist in the funding of restructuring expenditures. Approval was also granted to transfer $25.1 million from capital appropriations to operating appropriations in order to fund recessionary impacts. The appropriations approved and the payments received by the Corporation for 1991, including the above noted significant amounts, and 1990 are noted below.

		1991		1990
	(in thousands of dollars)			
Appropriations				
Operating	910,112		849,335	
Plus: restructuring	50,000			
transfer from capital	25,100			
		985,212		849,335
Capital	114,318		128,040	
Less: transfer to operating	(25,100)			
		89,218		128,040
Working capital		4,000		4,000
		1,078,430		981,375

The following summarizes the net items not requiring current operating funds.

	1991	1990
	(in thousands of dollars)	
Amortization	68,294	63,780
Employee termination benefits and vacation pay	(1,188)	1,369
Program inventory costs	4,762	2,564
Deferred pension contribution	2,817	6,208
	74,685	73,921

9. Restructuring and expenditure reductions/downsizing

(a) Restructuring and expenditure reductions

On December 3, 1990, the Board of Directors approved measures to address a significant projected shortfall in income for fiscal 1991-92.

These measures include the restructuring of regional television services, the major service reductions of three local television stations and the reduction of activities in eight others, in addition to cancellation of numerous programming hours, particularly in local and regional television. Furthermore, the status of the English and French parliamentary channels, as well as the shortwave service, Radio Canada International, were modified as of April 1, 1991.

The total expenses related to the above, based on management's best estimates, were as follows:

	(in thousands of dollars)
Expenses incurred in the 1990-91 fiscal period	
Employee terminations and special benefits[1]	42,834
Programming related[2]	7,928
Employee assistance and professional fees[3]	5,711
Redeployment of capital assets and occupancy related[4]	4,891
Other miscellaneous	691
Total expenses incurred in the 1990-91 fiscal period[5]	62,055
Reconciliation to government funding basis	
Add: unfunded expenses recorded in previous fiscal periods[5]	10,879
Total expenses on government funding basis requiring current operating funds[5]	72,934

(1) Severance payments and employment security benefits governed by labour agreements and special programmes.

(2) Cost associated with the cancellation of programs.

(3) Cost primarily associated with employee counselling, career transition assistance, skills enhancement and relocation to vacant positions at other CBC locations.

(4) Cost of dismantling, shipping and re-installation of capital assets as well as the cancellation of leases and improvements to property.

(5) The total cash outlay associated with the restructuring and expenditure reductions requiring current operating funds amounted to $73.0 million. Of the total, $62.1 million was incurred in the 1990-91 fiscal period while the balance of $10.9 million represents employee termination benefits accrued and expensed under normal operations (see Note 2g) as items not requiring current operating funds to the end of the previous fiscal period.

CANADIAN BROADCASTING CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1991—*Concluded*

(b) Downsizing

In 1989-90 the Board of Directors approved a workforce adjustment plan to address the budget reductions requested by the Federal Government. The plan involved, among other things, a wind up of the merchandising section of CBC Enterprises, employee terminations and reassignments and consolidations within the administration and support areas. Costs incurred in 1989-90 relating to this plan totalled $19.6 million of which $18.0 million related to personnel costs including lay off pay, early retirement incentives, and other related costs; and $1.6 million to the wind up of the merchandising section of CBC Enterprises.

10. Income taxes

The Corporation is a prescribed federal Crown corporation under Part LXXI of the Income Tax Regulations and is subject to the provisions of the federal Income Tax Act. Amortization and capital cost allowance are not allowable deductions in the determination of the Corporation's taxable income. Therefore, the Corporation may have taxable income even when there is an excess of expense over income in any year. In addition, the Corporation is subject to the large corporations tax and must pay tax on defined capital exceeding $10 million.

During the year, the Corporation did not incur income tax expense, other than large corporations tax, due to the utilization of $26.5 million of $38.3 million accumulated losses carried forward. The remaining $11.8 million of accumulated losses carried forward for income tax purposes has not been recognized in the financial statements. The tax benefits pertaining to this loss carry-forward are available until 1997.

11. Net change in non-cash working capital balances

	1991	1990
	(in thousands of dollars)	
Cash provided by (used for)		
Accounts receivable	(10,054)	(6,895)
Engineering and production supplies and merchandise	3,292	379
Programs completed and in process of production	9,796	483
Prepaid film and script rights and other expenses	(9,201)	94
Accounts payable and accrued liabilities	26,612	22,061
Plus: short-term portion of capital leases	1,339	220
Accrued vacation pay	140	1,606
	21,924	17,948

12. Commitments

As at March 31, 1991, commitments for sports rights amounted to $147.8 million; procured programs, film rights and co-productions amounted to $17.5 million for total commitments of $165.3 million.

13. Contingencies

In the ordinary course of business, various claims and lawsuits have been brought against the Corporation. In the opinion of management, the losses, if any, which may result from the settlement of these matters are not likely to be material and accordingly no provision has been made in the accounts of the Corporation. In the event that such expenditures were incurred, they would be recognized as period costs.

14. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations and is mainly financed by the Parliament of Canada.

During the year, transactions with these related departments, agencies and Crown corporations were in the normal course of business on normal trade terms applicable to all individuals and enterprises. Transactions with the Parliament of Canada are outlined in Notes 6 and 8.

15. CBC Newsworld

The Corporation operates CBC Newsworld under a license condition that the operation be reported on an incremental cost/revenue basis. In compliance with the license condition, incremental revenue of $25.8 million and incremental costs of $25.9 million, for the year ended March 31, 1991, are being reported separately to the Canadian Radio-Television and Telecommunications Commission. For the seven months ended March 31, 1990 incremental revenue of $14.5 million and incremental costs of $13.5 million were reported to the CRTC. The cumulative excess revenues of $0.9 million as at March 31, 1991 are maintained for CBC Newsworld's future activities. These activities are an integral part of the operations of the Corporation.

16. Comparative figures

Certain of the 1990 comparative figures have been reclassified to conform to the current year's presentation.

CANADIAN COMMERCIAL CORPORATION

AUDITOR'S REPORT

TO THE MINISTER FOR INTERNATIONAL TRADE

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 1991 and the statements of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canadian Commercial Corporation Act and by-laws of the Corporation.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 5, 1991

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Cash and short-term deposits	186,346	206,088
Accounts receivable		
Foreign governments (Note 5)	123,840	85,622
Government of Canada—Parliamentary appropriation (Note 6)	234	1,814
Other	2,056	1,771
Advances to suppliers	132,880	125,566
Progress claims paid or due	540,836	408,961
	986,192	829,822

LIABILITIES	1991	1990
Accounts payable and accrued liabilities	122,624	89,928
Advances from customers	273,190	283,434
Progress payments received or due	540,724	410,173
Due to Government of Canada (Note 6)	1,551	1,473
Provision for additional contract costs (Note 3)	1,922	3,842
	940,011	788,850
Employee termination benefits	872	920
Contingencies (Note 4)		
	940,883	789,770
EQUITY OF CANADA		
Contributed surplus	20,000	20,000
Retained earnings	25,309	20,052
	45,309	40,052
	986,192	829,822

Certified correct:

F. OWEN KELLY
Comptroller

Approved by the Board:

HUGH MULLINGTON
President

HAROLD WAREHAM
Director

CANADIAN COMMERCIAL CORPORATION—*Continued*

STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Revenues		
Contract billings	695,458	681,423
Interest income	8,183	7,078
Other income	831	1,287
	704,472	689,788
Expenses		
Cost of contract billings	695,458	681,423
Additional contract costs (recovery)	(390)	279
Services provided by Supply and Services Canada (Note 8(a))	7,581	7,798
Administrative	8,828	9,562
Legal fees and expenses (Note 8(b))	980	314
Other	245	351
	712,702	699,727
Net cost of operations	8,230	9,939
Parliamentary appropriation (Note 6)	14,917	17,089
	6,687	7,150
Retained earnings at beginning of the year	20,052	13,767
Payment to Government of Canada (Note 7)	(1,430)	(865)
Retained earnings at end of the year	25,309	20,052

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Financing activities		
Parliamentary appropriation		
Amount drawn down	14,917	17,089
Adjusted for decrease (increase) in receivable from Government of Canada	1,580	(51)
Payment to Government of Canada	(1,430)	(865)
Cash provided by financing activities	15,067	16,173
Operating activities		
Operations		
Net cost of operations	(8,230)	(9,939)
Net changes in non-cash balance sheet items		
Operating balances from customers and to suppliers	(7,697)	(10,239)
Advances and progress claims from customers and to suppliers	(18,882)	95,327
Cash (used in) provided by operating activities	(34,809)	75,149
(Decrease) increase in cash and short-term deposits	(19,742)	91,322
Cash and short-term deposits at beginning of year	206,088	114,766
Cash and short-term deposits at end of year	186,346	206,088

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Nature, organization and funding

The Corporation was established in 1946 by the Canadian Commercial Corporation Act and is an agent Crown corporation listed in Part I of Schedule III to the Financial Administration Act.

The Corporation acts as the prime contracting agency when other countries and international organizations wish to purchase products and services from Canada on a government-to-government basis. Contracts are made with foreign governments and international organizations and corresponding supply contracts are entered into with Canadian firms by the Corporation (see Note 3).

The Government has provided the Corporation with $20 million as contributed surplus. The Corporation has authority to draw loans from the Consolidated Revenue Fund in amounts up to a total of $10 million as required to supplement its working capital. Annually, the Corporation seeks funding for its operation through parliamentary appropriation (see Note 6).

2. Significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles in Canada, consistently applied, and conform in all material respects with International Accounting Standards. A summary of significant policies follows:

(a) Contracts

Revenues from contracts are recorded at the time of delivery except in the case of contracts involving progress payments; in these cases, revenues are recorded at the time the progress payments are billed to customers. Since title to work-in-progress covered by progress claims has not passed to customers, the Corporation sets up a corresponding liability and cost of contract billings. The Corporation records all progress claims by its suppliers as assets. These assets and liabilities are reduced, in accordance with contract terms, as deliveries are accepted.

The cumulative effect of changes in the estimated cost of uncompleted contracts is recorded in the statement of operations in the year when the change is first determined.

(b) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average exchange rates for the month in which the transactions occur.

Contracts with foreign governments and corresponding contracts with Canadian suppliers are generally entered into in the same currency, or alternatively, the contract terms in the supplier contract pass the risk to the supplier. This reduces the Corporation's contractual exposure to losses or gains due to fluctuations in foreign exchange.

The Corporation maintains some working capital in U.S. currency to facilitate the cash flow between foreign customers and Canadian suppliers.

CANADIAN COMMERCIAL CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

(c) Pension plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(d) Employee termination benefits

Employees of the Corporation are entitled to specified termination benefits, calculated at salary levels in effect at the time of termination, as provided for under collective agreements and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(e) Income taxes

The Corporation is not subject to income taxes.

(f) Capital assets

Capital assets are fully amortized in their year of purchase as their costs are not recovered through future operations.

3. Contractual obligations

The Corporation is obligated to fulfil numerous contracts with foreign customers. These contracts range in value up to approximately $500 million. The total contract value remaining to be fulfilled approximates $1.4 billion as at March 31, 1991 (1990—$1.4 billion).

The Corporation may incur additional contract costs should suppliers not fulfil the terms of their contracts. As of March 31, 1991, the Corporation has a provision of $1,922,000 (1990—$3,842,000) for additional contract costs, which may be incurred if certain suppliers are unable to meet their contractual obligations.

4. Contingencies

The Corporation is involved in three legal actions, which it considers as material. Losses, if any, resulting from the resolution of these contigencies, will be accounted for as a charge to income of the year in which the settlement occurs.

(a) The Corporation has been named as defendant in proceedings commenced in 1975 by a supplier alleging losses resulting from the termination of a contract and seeking damages in an amount of $6.8 million plus accrued interest and costs. In 1989, the Court ruled in favour of the Corporation on the determination of one of the major issues between the parties. As of March 31, 1991, the balance of the issues in dispute between the Corporation and its supplier are yet to be heard by the Court. Based on the advice of legal counsel, management is of the opinion that no provision for possible loss in respect of this matter is required.

(b) The Corporation has been named as defendant in proceedings commenced in 1985 by a supplier relating to a contract entered into in 1983 in which the claimant is seeking damages in an amount of $876,000. Based on the advice of legal counsel, management is of the opinion that no provision for possible loss in respect of this matter is required.

(c) The Corporation has been named as respondent in proceedings commenced in 1987 in which a supplier challenged the applicability of the fee for service system put in place by the Corporation in 1986, to a transaction between this supplier and the Corporation. The Corporation appealed the judgement of the Court of first instance rendered in 1990 which, inter alia, granted this supplier's motion. If the findings of the Court were upheld by the Court of Appeal, an amount in excess of one million dollars could be claimed from the Corporation. After a review of the reasons for the judgement of the Court and of the law by counsel, management is of the opinion that no provision for possible loss in respect of these proceedings is required.

5. Accounts receivable from foreign governments

As at March 31, 1991, the Corporation has provided $787,000 (1990—$943,000) to cover the possible non-collection of certain accounts receivable from foreign governments.

6. Parliamentary appropriation

For the fiscal year 1990-91, Parliament approved an appropriation amount of $15,157,000 (1990—$20,089,000). Subsequently, the Government decided to offset unanticipated government-wide program costs through re-allocations. Consequently, the Corporation's entitlement was reduced by $240,000. The Corporation drew down the full entitlement of $14,917,000 (1990—$17,089,000) of which $234,000 (1990—$1,814,000) was drawn down subsequent to March 31, 1991. The amount of the draw-down includes amounts due to government departments as at March 31, 1991 of $1,551,000 (1990—$1,473,000).

7. Payment to Government of Canada

During the year ended March 31, 1991, the Corporation approved the payment of $1,430,000 to the Government of Canada. Subsequent to March 31, 1991, the Board of Directors approved a similar payment of $1,340,000, to be made in 1991-92, to the Government of Canada.

8. Services provided by the Government of Canada

(a) Supply and Services Canada

Supply and Services Canada provides contracting services to the Corporation at predetermined rates approved by Treasury Board, based on the amounts of contracts procured, and provides certain administrative functions at cost.

(b) Department of Justice

The Department of Justice represents the Corporation in certain matters. The Corporation pays for amounts billed by Justice related to legal fees and expenses incurred in connection with specific actions but not for general legal services.

CANADIAN COMMERCIAL CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

9. Insurance

The Corporation follows the practice of self insuring.

10. Commitments

Effective April 1986, the Corporation entered into a ten-year lease agreement for office space. The minimum lease payments for the next five years, and in total, will approximate the following:

	(in thousands of dollars)
1992	1,041,000
1993	1,093,000
1994	1,148,000
1995	1,205,000
1996	1,265,000
	5,752,000

CANADIAN DAIRY COMMISSION

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 1991
WERE NOT AVAILABLE AT DATE OF PRINTING

CANADIAN DAIRY COMMISSION—*Continued*

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Canadian Dairy Commission and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with generally accepted accounting principles which have been consistently applied, using management's best estimates and judgements, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to Commission policies and statutory requirements.

The Audit Committee, which is made up of the Commission's three Commissioners, oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Commission's external auditors and those conducting its internal audits have free access to the Audit Committee to discuss the results of their work and to express their concerns and opinions.

The financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Roch Morin
Chairman

Paul Simard
Director of Finance

AUDITOR'S REPORT

TO THE MINISTER OF AGRICULTURE

I have examined the balance sheet of the Canadian Dairy Commission as at July 31, 1990 and the statement of operations and financing by producer levies and the statement of dairy support program and costs financed by the Government of Canada for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at July 31, 1990 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Commission that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canadian Dairy Commission Act and the by-laws of the Commission.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 8, 1990

BALANCE SHEET AS AT JULY 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Accounts receivable		
Trade (Note 3)	14	789
Government of Canada	40,249	44,157
Producer levies	48,146	55,195
Inventories (Note 5)	143,985	142,595
	232,394	242,736

LIABILITIES	1990	1989
Accounts payable and accrued liabilities	38,537	42,533
Direct support payments payable to producers	40,084	43,791
Allowance for losses on disposal of surplus production (Note 6)	35,515	17,007
Loans from Government of Canada (Note 7)	106,283	114,250
	220,419	217,581
EXCESS OF FINANCING BY PRODUCER LEVIES		
Excess of financing over net cost of operations (Note 11)	11,975	25,155
	232,394	242,736

The accompanying notes and schedule are an integral part of these financial statements.

Approved:

ROCH MORIN
Chairman

KENNETH McKINNON
Vice-Chairman

PAUL SIMARD
Director of Finance

CANADIAN DAIRY COMMISSION—*Continued*

STATEMENT OF OPERATIONS AND FINANCING
BY PRODUCER LEVIES
FOR THE YEAR ENDED JULY 31, 1990
(in thousands of dollars)

	1990	1989
Export sales	182,663	156,790
Cost of goods sold	212,012	208,137
Loss on export sales	29,349	51,347
Domestic sales	60,262	43,321
Cost of goods sold	59,663	41,601
Loss (margin) on domestic sales	(599)	(1,720)
Total loss on sales	28,750	49,627
Assistance and expenses	121,506	108,514
Total cost of operations	150,256	158,141
Less operating costs financed by the Government of Canada		
Administrative expenses	3,476	4,694
Carrying charges		2,920
	3,476	7,614
Net cost of operations financed by producer levies	146,780	150,527
Financing by producer levies (Note 4)	155,929	172,281
Excess of financing over net cost of operations	9,149	21,754
Excess at beginning of year	25,155	30,294
	34,304	52,048
Refunds of excess	22,329	26,893
Excess at end of year	11,975	25,155

The accompanying notes and schedule are an integral part of these financial statements.

STATEMENT OF DAIRY SUPPORT PROGRAM AND COSTS
FINANCED BY GOVERNMENT OF CANADA
FOR THE YEAR ENDED JULY 31, 1990
(in thousands of dollars)

	1990	1989
Direct support payments to producers of industrial milk and cream	265,795	279,593
Administrative expenses	3,476	4,694
Carrying charges		2,920
Cost of production and dairy policy studies	764	303
Total costs financed by the Government of Canada	270,035	287,510

The accompanying notes and schedule are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1990

1. The Commission

The Canadian Dairy Commission (the "Commission") is an agent Crown corporation named in Part I, Schedule III to the Financial Administration Act and is not subject to the provisions of the Income Tax Act. The objectives of the Commission, as established by the Canadian Dairy Commission Act, are "to provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality".

The Commission administers the dairy support program financed by the Government of Canada, under which it makes direct support payments to producers. In co-operation with the Canadian Milk Supply Management Committee (CMSMC), which it chairs, the Commission undertakes the management and administration of operations financed by producer levies.

The Commission purchases, at Canadian support prices, all butter and skim milk powder tendered to it. While most of the butter purchased by the Commission is later resold in the domestic market, most of the skim milk powder is in excess of domestic needs and is exported. The Commission sells production surplus to domestic requirements in the form of whole milk products, skim milk powder and butter on international markets at the prevailing world prices. Historically, these prices have usually been lower than Canadian support prices. The Commission also pays assistance to processors and exporters to assist them in disposing of dairy products directly.

2. Significant accounting policies

Foreign currency translation

Sales and receivables in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the exchange rates provided therein.

Inventories

Inventories are valued at the lower of cost or estimated net realizable value.

Allowance for losses on disposal of surplus production

The Commission establishes an allowance for losses on disposal of surplus production by reference to its outstanding purchase commitments, actual butter inventory levels relative to the normal levels determined by the Commission and world market prices.

Excess of financing over net cost of operations

In accordance with the National Milk Marketing Plan, the treatment of any excess of financing by producer levies over the net cost of operations is determined by the Canadian Milk Supply Management Committee. Refunds are recorded in the year declared.

3. Trade accounts receivable

Trade accounts receivable are net of an allowance for doubtful accounts of $5.6 million (1989—$8.5 million).

The recovery of $1.2 million in the provision for doubtful accounts is the result of the Commission's successful declaration of ownership, and subsequent sale, of a bond in lieu of an account receivable due the Commission.

CANADIAN DAIRY COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1990—*Continued*

4. Financing

Government of Canada

The Agricultural Stabilization Board provides financing to the Commission for direct support payments to producers of industrial milk and cream up to maximum amounts authorized by the Governor in Council. A major portion of the Commission's administrative expenses as well as professional services relating to cost of production and other studies are financed by the Government of Canada.

As a result of the April 1989 Budget, effective August 1, 1989, the federal funding of the Commission's administrative expenses associated with the export of dairy products and of the carrying charges for skim milk powder ceased. In addition, the federal funding of $6.03 per standard hectolitre direct support payment on 1.1 million hectolitres of Special Export Program industrial milk production was discontinued on July 31, 1989.

Producer levies

Producers are responsible for all costs of operations not financed by the Government of Canada. These costs are financed through levies established by the CMSMC, charged and collected by the provincial marketing boards and agencies and remitted to the Commission.

Producer levies are comprised of:

	1990	1989
	(in thousands of dollars)	
Industrial milk		
In-quota levies	123,780	131,322
Over-quota levies	24,995	32,926
	148,775	164,248
Fluid milk	7,154	8,033
Total	155,929	172,281

The Commission's administrative expenses of $5.0 million (1989—$4.7 million) have been financed from producer levies and by the Government of Canada in the amounts of $1.5 million (1989—Nil) and $3.5 million (1989—$4.7 million) respectively.

Industrial milk levies include an amount to cover all eligible costs associated with actual butter inventory levels up to normal levels determined by the Commission. The excess (deficiency) of financing over these eligible costs for the year amounted to ($1.7) million (1989—($0.6) million). The cumulative excess at year end amounted to $1.2 million (1989—$2.9 million) and is included with the excess of financing over net cost of operations and will be applied to future eligible costs associated with butter inventory levels.

5. Inventories

Inventories are comprised as follows:

	1990	1989
	(in thousands of dollars)	
Cost		
Butter	90,742	91,229
Skim milk powder	63,669	67,032
Other dairy products	13,903	12,373
	168,314	170,634
Less allowance for write down		
Butter (unsalted only)		8,038
Skim milk powder	18,694	15,294
Other dairy products	5,635	4,707
	24,329	28,039
Net book value	143,985	142,595

6. Allowance for losses on disposal of surplus production

In recognition, in part, of the decline in domestic butterfat requirements, the Commission has reduced the normal butter inventory level at the year end from 12 million to 10 million kilograms of butter. This has resulted in a $7.8 million increase in the 1989-90 net cost of operations financed by producer levies and the allowance for losses on disposal of surplus production.

7. Loans from Government of Canada

Loans from the Government of Canada, to a maximum of $300 million, are available to finance operations. There are no specific terms of repayment. Principal and accrued interest, however, are repaid on a regular basis as and when funds are available. The interest rates during the year varied from 12.014% to 13.922% (1989—8.995% to 12.888%).

Loan transactions for the year are summarized as follows:

	1990	1989
	(in thousands of dollars)	
Balance at beginning of year	114,250	87,363
Borrowings	252,627	278,222
Payments	(260,594)	(251,335)
Balance at end of year	106,283	114,250
Accrued interest at end of year	1,922	2,302

8. Representatives' fees

The Commission has used the services of representatives for the sale of dairy products on the export market. Their fees, which are included in cost of goods sold, are as follows:

	1990	1989
	(in thousands of dollars)	
Coopérative Fédérée de Québec, Canada	808	1,001
Intercontinental, Mexico	1,848	1,000
Gestion Y. Dessarrollo—Commercial S.A., Peru	59	259
Total	2,715	2,260

CANADIAN DAIRY COMMISSION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1990—*Concluded*

9. Purchase commitments

As at July 31, 1990, the Commission was committed to purchase butter and skim milk powder produced prior to that date at Canadian support prices and other dairy products produced prior to that date at negotiated contract prices. These commitments amounted to approximately $12.0 million (1989—$15.3 million).

10. Related party transactions

Included in export sales is an amount of $15.0 million (1989—$18.0 million) of sales to the Canadian International Development Agency. These sales were carried out in the normal course of business and at the Commission's established sales prices.

In addition, government departments provided the Commission with certain administrative services without charge.

11. Subsequent event

In accordance with the decision of the CMSMC at its meeting of September 26, 1990, the excess of financing as at July 31, 1990, excluding the cumulative excess of financing over all eligible costs associated with normal butter inventory levels of $1.2 million, will be refunded to the provinces.

12. Financial statement presentation

A statement of changes in financial position has not been included because, in the opinion of management, it would not provide any meaningful additional information.

SCHEDULE OF OPERATIONS BY PRODUCT
FOR THE YEAR ENDED JULY 31, 1990
(in thousands of dollars)

	1990					1989				
	Butter	Skim milk powder	Evaporated milk	Other products*	Total	Butter	Skim milk powder	Evaporated milk	Other products*	Total
Export sales	11,159	144,117	8,068	19,319	182,663	355	113,477	15,555	27,403	156,790
Cost of goods sold	15,722	163,533	10,128	22,629	212,012	528	146,462	19,691	41,456	208,137
Loss on export sales	4,563	19,416	2,060	3,310	29,349	173	32,985	4,136	14,053	51,347
Domestic sales	60,262				60,262	43,321				43,321
Cost of goods sold	59,663				59,663	41,601				41,601
Loss (margin) on domestic sales	(599)				(599)	(1,720)				(1,720)
Total loss on sales	3,964	19,416	2,060	3,310	28,750	(1,547)	32,985	4,136	14,053	49,627
Assistance and expenses										
Dairy product assistance										
—Export	1,285	203	311	25,744	27,543	1,325	649	774	31,113	33,861
—Domestic	344	12,295			12,639	570	10,280			10,850
Inventory writedown		18,694	174	5,461	24,329	8,038	15,294	1,526	3,181	28,039
Promotion and donation	3,892	1,475		446	5,813	555	800			1,355
Carrying charges	7,148	3,402	335	778	11,663	6,617	4,214	624	795	12,250
Provision for (recovery of) doubtful accounts			(1,156)	146	(1,010)				458	458
	12,669	36,069	(336)	32,575	80,977	17,105	31,237	2,924	35,547	86,813
Provision for losses on disposal of surplus production					35,515					17,007
Administrative expenses					5,014					4,694
Total assistance and expenses					121,506					108,514
Total cost of operations					150,256					158,141

*Includes whole milk powder and cheese.

CANADIAN FILM DEVELOPMENT CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Film Development Corporation as at March 31, 1991 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations, the Canadian Film Development Corporation Act and the by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1991

CANADIAN FILM DEVELOPMENT CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Deposit with the Consolidated Revenue Fund (Note 3)		21,793,780
Loans		
Canadian programming		
Interim financing	2,422,736	1,879,190
Permanent financing	14,583	
Feature films		
Interim financing	230,485	1,494,828
Permanent financing	451,938	714,039
	3,119,742	4,088,057
Parliamentary appropriation receivable (Note 4)	11,922,000	18,038,776
Accounts receivable	2,361,888	351,641
Prepaid expenses	318,911	361,082
	17,722,541	44,633,336
Long-term loans		
Canadian programming		
Permanent financing		49,583
Feature films		
Interim financing	27,390	37,500
Permanent financing		438,000
	27,390	525,083
Capital assets (Note 5)	3,085,564	2,627,751
	20,835,495	47,786,170

LIABILITIES	1991	1990
	$	$
Current		
Deposit payable (Note 3)		21,793,780
Accounts payable	5,400,734	10,871,307
	5,400,734	32,665,087
Long-term		
Provision for employee termination benefits	382,585	314,550
	5,783,319	32,979,637
Commitments (Note 8)		
EQUITY OF CANADA		
Equity of Canada	15,052,176	14,806,533
	20,835,495	47,786,170

Approved by the Board:

HARVEY CORN
Chairman

Approved by Management:

PIERRE DESROCHES
Executive Director

CANADIAN FILM DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991

	1991			1990
	Canadian programming	Feature films	Total	Total
	$	$	$	$
Assistance expenses (Note 6)				
English production	43,527,023	21,105,746	64,632,769	76,890,652
French production	29,651,711	11,457,996	41,109,707	39,830,213
Marketing and distribution		24,594,707	24,594,707	25,029,683
Development of the industry		8,074,842	8,074,842	6,808,703
	73,178,734	65,233,291	138,412,025	148,559,251
Revenues				
Interest on loans	371,110	506,674	877,784	988,407
Cost of operations before administration expenses	72,807,624	64,726,617	137,534,241	147,570,844
Administration expenses (Note 7)			7,352,323	7,446,365
Cost of operations for the year			144,886,564	155,017,209

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Balance at beginning of the year	14,806,533	24,228,742
Parliamentary appropriation for the year	145,132,207	145,595,000
	159,938,740	169,823,742
Cost of operations for the year	144,886,564	155,017,209
Balance at end of the year	15,052,176	14,806,533

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Cost of operations for the year	(144,886,564)	(155,017,209)
Items not affecting liquidity		
Loans written-off or converted into investments	2,448,267	5,718,811
Amortization	592,703	758,056
Increase in the provision for employee termination benefits	68,035	64,178
	(141,777,559)	(148,476,164)
Net change in non liquidity items of working capital related to operations	(7,438,649)	1,585,175
	(149,216,208)	(146,890,989)
Investing activities		
Repayment from (deposit with) the Consolidated Revenue Fund	23,695,307	(21,793,780)
Deposit (repayment of deposit) payable	(23,695,307)	21,793,780
Loans	(6,553,812)	(5,175,561)
Reimbursements of loans	5,571,553	6,433,302
Acquisition of capital assets	(1,050,516)	(770,128)
	(2,032,775)	487,613
Financing activities		
Parliamentary appropriation for the year	145,132,207	145,595,000
Parliamentary appropriation receivable		
Decrease for the year	(6,116,776)	(808,376)
Balance at beginning of the year	18,038,776	18,847,152
Balance at end of the year	11,922,000	18,038,776

CANADIAN FILM DEVELOPMENT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and activities

The Corporation was established in 1967 by the Canadian Film Development Corporation Act with the objective of fostering and promoting the development of a feature film industry in Canada. The Corporation has since been charged with the administration of the Canadian Broadcast Program Development Fund, established on July 1, 1983, within the framework of the Broadcasting Strategy for Canada as well as with the management of various new programs established under the National Film and Video Policy of May 1984.

The Corporation is a Crown corporation subject to the provisions of Part VIII of the Financial Administration Act as it read before its repeal in 1984 and as if it continued to be named in Schedule C of the Act.

2. Significant accounting policies

(a) Liquidity

The financial operations of the Corporation are processed through the Consolidated Revenue Fund of Canada, thus the absence of bank accounts. For the purposes of the statement of changes in financial position, its liquidity consists of a parliamentary appropriation receivable.

(b) Loans

Loans are shown on the balance sheet at their face value, less an allowance for losses.

(c) Investments

Funds advanced for feature films and Canadian programming, in return for a share in the proceeds, are expensed as assistance expenses in the year in which the funds are paid or have become payable.

All proceeds, up to the amount of the related investment, are credited to expenses as a reduction of assistance expenses made during the year. Any amount in excess thereof is accounted for as revenues.

(d) Capital assets

Capital assets are recorded at cost.

Amortization is recorded, using the diminishing-balance method, at the annual rate of 30% for the automobile, 20% for the furniture and equipment and 20% and 30% for the computer installations. Leasehold improvements are amortized, using the straight-line method, based on the terms of the leases.

(e) Parliamentary appropriation

The parliamentary appropriation voted to the Corporation for its objectives comprises an amount for the development of a feature film industry which can be carried forward to future years up to the amount of unused film receipts and another lapsing amount for the production of Canadian programming. The unlapsed parliamentary appropriation is credited to the Equity of Canada. The admissible unlapsed amount not used at the end of the year is presented on the balance sheet as a parliamentary appropriation receivable.

(f) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(g) Pension plan

All employees participate in the superannuation plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the plan. This contribution represents the total liability of the Corporation. Contributions in respect of current service and admissible past service are expensed during the year in which payments are made. The terms of payment for past service are set by the applicable purchase conditions in effect, generally over the number of years of service remaining prior to retirement.

3. Deposit with the Consolidated Revenue Fund and deposit payable

During the previous year, the Corporation received $21,200,000 from a private corporation for the creation of a fund to strengthen and improve the Canadian broadcasting system under an agreement subject to the approval by the Canadian Radio-television and Telecommunications Commission. This agreement was rejected on August 23, 1990 and, as a result, the Corporation returned the funds together with interest thereon.

4. Parliamentary appropriation receivable

	1991	1990
	$	$
Development of the feature film industry	5,642,642	8,567,950
Canadian programming production	959,969	4,882,344
Interim financing to producers and distributors	5,319,389	4,588,482
	11,922,000	18,038,776

5. Capital assets

	1991			1990
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Furniture and equipment	1,747,004	1,023,819	723,185	809,436
Computer installations	2,702,502	990,711	1,711,791	1,059,863
Leasehold improvements	1,048,377	404,649	643,728	748,652
Automobile	20,000	13,140	6,860	9,800
	5,517,883	2,432,319	3,085,564	2,627,751

CANADIAN FILM DEVELOPMENT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

6. Assistance expenses

	1991			1990
	Canadian programming	Feature films	Total	Total
	$	$	$	$
Investments	76,485,928	66,474,387	142,960,315	147,327,166
Proceeds from investments	(8,052,905)	(8,819,281)	(16,872,186)	(13,300,910)
Loans written-off or converted into investments	1,874,665	573,602	2,448,267	5,718,811
	70,307,688	58,228,708	128,536,396	139,745,067
Operating expenses (Note 7)	2,871,046	7,004,583	9,875,629	8,814,184
	73,178,734	65,233,291	138,412,025	148,559,251

7. Operating expenses

	1991	1990
	$	$
Salaries and employee benefits	9,375,116	8,232,178
Rent, taxes, heating and electricity	2,021,704	1,823,958
Printing, postage and office expenses	1,437,934	1,467,090
Professional services	1,429,482	1,620,464
Travel	856,977	859,706
Amortization	592,703	758,056
Advertising	509,416	412,748
Telephone and telex	394,032	383,176
Hospitality	216,088	195,456
Relocation	202,405	317,728
Consultants' fees	192,095	189,989
	17,227,952	16,260,549
Portion applicable to assistance expenses (Note 6)	9,875,629	8,814,184
Portion applicable to administration expenses	7,352,323	7,446,365

8. Commitments

As at March 31, 1991, the Corporation:

	French projects	English projects	Total
	$	$	$
is contractually committed to advance funds as loans and investments	10,380,739	12,319,138	22,699,877
has accepted to finance projects that may call for disbursements	3,933,485	497,379	4,430,864
	14,314,224	12,816,517	27,130,741

Under a production revenue sharing program, the Corporation has committed funds totalling $2,035,499 as at March 31, 1991, for projects yet to be submitted, under certain conditions.

Next year, the Corporation will pay an amount of $1,000,000 as the balance of its share in a joint project with the Department of External Affairs.

The Corporation has entered into long-term leases for the rental of office space and equipment used in its operations. The aggregate minimum annual rentals payable during subsequent years are as follows:

	$
1992	1,926,330
1993	1,953,409
1994	1,862,081
1995	1,778,376
1996	1,708,376
1997-2000	4,185,042
	13,413,614

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY

AUDITOR'S REPORT

TO THE CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY
AND THE
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have audited the balance sheet of the Canadian Institute for International Peace and Security as at March 31, 1991 and the statements of operations and equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Institute's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 27, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash and term deposits	1,647,452	1,749,173
Accounts receivable and accrued interest	37,325	29,580
Prepaid expenses	94,908	90,223
	1,779,685	1,868,976
Furniture, equipment and leasehold improvements (Note 3)	226,148	246,304
	2,005,833	2,115,280

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	325,290	369,454
Deferred rent compensation (Note 4)		11,536
	325,290	380,990
EQUITY OF CANADA		
Equity of Canada	1,680,543	1,734,290
	2,005,833	2,115,280

Commitments (Note 5).

Approved by the Board:

DAVID BRAIDE
Chairman of the Board

BERNARD WOOD
Chief Executive Officer

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY—*Continued*

STATEMENT OF OPERATIONS AND EQUITY OF CANADA FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Expenses		
Programmes		
Research	1,418,506	1,463,028
Public programmes	1,334,912	1,262,945
Grants, awards and bursaries	1,032,855	995,300
Information services	638,473	633,204
	4,424,746	4,354,477
General administration and support	810,334	817,977
Total expenses (Schedule)	5,235,080	5,172,454
Revenue		
Investment and other income	181,333	159,374
Net cost of operations	5,053,747	5,013,080
Parliamentary appropriation	5,000,000	5,000,000
Excess of net cost of operations over parliamentary appropriation	(53,747)	(13,080)
Equity of Canada at beginning of the year	1,734,290	1,747,370
Equity of Canada at end of the year	1,680,543	1,734,290

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Cash used in operations		
Net cost of operations	5,053,747	5,013,080
Item not requiring an outlay of funds		
Amortization	(101,079)	(115,961)
	4,952,668	4,897,119
Changes in balance sheet accounts		
Decrease in deferred rent compensation	11,536	156,467
Increase (decrease) in prepaid expenses	4,685	(40,462)
Increase in accounts receivable and accrued interest	7,745	15,103
Decrease (increase) in accounts payable and accrued liabilities	44,164	(128,726)
	5,020,798	4,899,501
Investing activities		
Acquisition of furniture, equipment and leasehold improvements	80,923	89,366
Financing activities		
Parliamentary appropriation	(5,000,000)	(5,000,000)
Increase (decrease) in cash and term deposits during the year	(101,721)	11,133
Cash and term deposits at beginning of year	1,749,173	1,738,040
Cash and term deposits at end of year	1,647,452	1,749,173

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1991

1. Authority and operations

The Institute was established in 1984 under the Canadian Institute for International Peace and Security Act (the Act). The Institute is exempt from Divisions I to IV of Part X of the Financial Administration Act.

The purpose of the Institute is to increase knowledge and understanding of the issues relating to international peace and security from a Canadian perspective with particular emphasis on arms control, disarmament, defence and conflict resolution, and to:

(a) foster, fund and conduct research on matters relating to international peace and security;

(b) promote scholarship in matters relating to international peace and security;

(c) study and propose ideas and policies for the enhancement of international peace and security; and

(d) collect and disseminate information on, and encourage public discussion of, issues of international peace and security.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. The significant accounting policies followed are:

(a) Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are recorded at cost. Furniture and equipment are amortized on the straight-line basis at an annual rate of 20%. Leasehold improvements are amortized, using the straight-line method, based on the duration of the lease.

(b) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Institute's contributions are equal to the contributions paid by its employees in respect of current services. These contributions represent the total liability of the Institute in respect of the pension plan and are recorded as expenses in the same period as the employees' services are rendered.

(c) Income taxes

The Institute is exempt from any income taxes.

(d) Parliamentary appropriation

Parliamentary appropriation is recorded in the accounts on an accrual basis. Furthermore, the Act states that the Institute shall be paid from the Consolidated Revenue Fund the sum of $5 million annually or such greater amount as may be appropriated by Parliament.

(e) Grants, awards and bursaries

Grants, awards and bursaries are charged to operations when the conditions of the agreement are met by the recipient.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

3. Furniture, equipment and leasehold improvements

	1991			1990
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Furniture	338,525	254,302	84,223	118,200
Equipment	312,195	184,427	127,768	123,595
Leasehold improvements	16,743	2,586	14,157	4,509
	667,463	441,315	226,148	246,304

4. Deferred rent compensation

Amount provided by new landlord to compensate for expenses to be incurred on previous leased premises during 1989-90 and 1990-91.

5. Commitments

(a) Office lease agreement

The total commitments for lease payments are estimated at $390,000 for each of the seven subsequent years. The lease agreement also calls for a pro rata share of occupancy costs of approximately $220,000 annually.

(b) Programmes

The Institute is committed to make payments totalling $1,124,500 in 1991-92 subject to compliance by the recipients with the terms of the agreements.

	1991	1990
	$	$
Research	219,100	344,000
Public programmes	154,700	156,900
Grants, awards and bursaries	713,500	714,500
Information services	37,200	3,500
	1,124,500	1,218,900

6. Comparative figures

Certain 1990 figures have been reclassified to conform to the statement presentation adopted in 1991.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY—*Concluded*

SCHEDULE OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 1991

	Research	Public programmes	Grants, awards and bursaries	Information services	General administration and support	Total 1991	Total 1990
	$	$	$	$	$	$	$
Salaries and employee benefits	575,956	504,107	170,538	294,683	286,031	1,831,315	1,796,131
Projects	391,533	245,205		35,515		672,253	638,064
Rent and occupancy	154,609	128,249	40,278	174,328	115,681	613,145	592,498
Grants*			589,508			589,508	592,326
Publications	180,216	299,326		24,408		503,950	473,261
Transportation and communications	86,688	76,705	31,674	55,347	88,317	338,731	309,756
Awards and bursaries			187,600			187,600	173,082
Professional and special services	8,135	57,168	13,257	16,183	82,097	176,840	233,382
Material and supplies				35,965	104,944	140,909	131,093
Amortization					101,079	101,079	115,961
Conferences, seminars and workshops	21,369	24,152		2,044		47,565	65,950
Directors fees					32,185	32,185	50,950
	1,418,506	1,334,912	1,032,855	638,473	810,334	5,235,080	5,172,454

* Additional commitments resulting from grants approved in 1990-91 are reflected in the figures shown in Note 5(b) to financial statements.

CANADIAN LIVESTOCK FEED BOARD

AUDITOR'S REPORT

TO THE CANADIAN LIVESTOCK FEED BOARD
AND THE
MINISTER OF AGRICULTURE

I have audited the balance sheet of the Canadian Livestock Feed Board as at March 31, 1991 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Board that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Livestock Feed Assistance Act and regulations and the by-laws of the Board.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 30, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Accounts receivable	12,917	43,177
Parliamentary appropriations receivable	1,795,869	1,708,853
	1,808,786	1,752,030
Amounts recoverable under the new inland elevator construction assistance program (Note 3)	69,637	112,810
	1,878,423	1,864,840

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable	150,265	110,577
Contributions payable	1,974,853	2,274,560
Provision for employee termination benefits	187,690	163,957
	2,312,808	2,549,094
Provision for employee termination benefits		176,049
	2,312,808	2,725,143
DEFICIENCY OF CANADA		
Deficit	(434,385)	(860,303)
	1,878,423	1,864,840

Approved by Management:

PIERRE MORIN
Director of Finance

Approved by the Board:

GRIFFITH THOMAS MEREDITH
Chairman

CANADIAN LIVESTOCK FEED BOARD—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Contributions		
Feed freight assistance	16,507,804	17,288,388
New inland elevator construction assistance (Note 3)		27,813
	16,507,804	17,316,201
Administration expenses		
Salaries and employee benefits	1,198,944	1,302,737
Travel	133,867	107,878
Rentals	101,188	99,821
Equipment and office furniture	57,330	6,084
Professional and special services	56,786	38,697
Telephone	47,796	49,992
Stationery and office supplies	46,170	46,239
Publication of reports	45,223	44,408
Postage	36,943	36,993
Electricity	14,305	15,912
Repairs and upkeep of equipment and furniture	12,628	5,958
Goods and services tax	12,238	
Accounting and cheque issue services	2,000	2,000
Miscellaneous	9,727	5,565
	1,775,145	1,762,284
Cost of operations for the year	18,282,949	19,078,485

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Surplus (deficit) at beginning of the year	(860,303)	71,517
Parliamentary appropriations	18,706,867	18,144,665
Services provided without charge by a government department	2,000	2,000
	17,848,564	18,218,182
Cost of operations for the year	(18,282,949)	(19,078,485)
Deficit at end of the year	(434,385)	(860,303)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Cost of operations for the year	(18,282,949)	(19,078,485)
Items not affecting liquidity		
Increase (decrease) in the provision for employee termination benefits	(152,316)	182,739
Services provided without charge by a government department	2,000	2,000
Provision for losses in respect of amounts recoverable under the new inland elevator construction assistance program		27,813
	(18,433,265)	(18,865,933)
Decrease in accounts receivable	30,260	54,330
Increase in accounts payable	39,688	9,291
Increase (decrease) in contributions payable	(299,707)	221,989
	(18,663,024)	(18,580,323)
Financing activities		
Parliamentary appropriations	18,706,867	18,144,665
Investing activities		
Amount recovered under the new inland elevator construction assistance program	43,173	76,425
Parliamentary appropriations receivable		
Increase (decrease) for the year	87,016	(359,233)
Balance at beginning of the year	1,708,853	2,068,086
Balance at end of the year	1,795,869	1,708,853

CANADIAN LIVESTOCK FEED BOARD—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and objectives

The Board, a Crown corporation named in Part I of Schedule III to the Financial Administration Act, was established in 1967 under the Livestock Feed Assistance Act with the objective of ensuring:

— the availability of feed grain to meet the needs of livestock feeders;

— the availability of adequate storage space in Eastern Canada for feed grain to meet the needs of livestock feeders; and

— reasonable stability in, and fair equalization of, feed grain prices in Eastern Canada, British Columbia, the Yukon Territory and the Northwest Territories.

Bill C-8, an Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof, was adopted in third reading on May 23, 1991 by the House of Commons and is now before the Senate. This Bill provides for the dissolution of the Board and the execution of its mandate by the Minister of Agriculture.

2. Significant accounting policies

(a) Liquidity

The financial operations of the Board are processed through the Consolidated Revenue Fund of Canada, thus the absence of bank accounts. For the purposes of the statement of changes in financial position, the liquidity consists of parliamentary appropriations receivable or payable.

(b) Contributions

Feed freight assistance is charged to operations in the year in which shipments are made.

Write-offs or provisions for losses of amounts recoverable under the new inland elevator construction assistance program are charged to operations in the year in which collection is considered doubtful.

(c) Capital expenditures

Purchases of equipment, office furniture, vehicles and costs of office renovations are expensed in the year of acquisition.

(d) Parliamentary appropriations

Parliamentary appropriations are recorded in the statement of deficit of Canada for the year to which they apply.

(e) Services provided without charge

An estimated amount for services provided without charge by a government department is included in expenses with an offset to the statement of deficit.

(f) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(g) Pension plan

All employees participate in the superannuation plan administered by the Government of Canada. The employees and the Board contribute equally to the cost of the plan. This contribution represents the total liability of the Board. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

3. Amounts recoverable under the new inland elevator construction assistance program

Under the new inland elevator construction assistance program, the Board contributed towards certain construction costs. As at March 31, 1983, all contributions by the Board had been paid to operators of the elevators. These operators are called upon to reimburse, without interest, part of the contributions received. Reimbursements are based on stored quantities from the fourth to the tenth year of operation of the new facility without exceeding 40% of the contribution received.

As at March 31, 1991, the Board estimates that the amounts that will be recovered, net of a provision for losses, total $69,637 ($112,810 as at March 31, 1990). Because of the basis for the calculation of reimbursements, it is not possible to determine the amounts that will be recovered during each applicable year.

CANADIAN MUSEUM OF CIVILIZATION

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Museum of Civilization as at March 31, 1991 and the statements of operations, equity of Canada and changes in financial position for the nine months then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and changes in its financial position for the nine months then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Museums Act and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 31, 1991

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	March 31 1991	Opening July 1st 1990
Current		
Deposit with Receiver General for Canada	7,045	9,819
Accounts receivable (Note 3)	840	479
Inventories	1,305	1,152
Prepaid expenses	305	
	9,495	11,450
Trust account (Note 4)	1,483	1,289
Collection	1	1
Property and equipment (Note 5)	12,693	11,862
	23,672	24,602

LIABILITIES	March 31 1991	Opening July 1st 1990
Current		
Accounts payable and accrued liabilities (Note 6)	9,132	11,410
Current portion of accrued employee termination benefits	595	290
Deferred revenue	13	
	9,740	11,700
Accrued employee termination benefits	1,566	1,561
Trust account (Note 4)	1,483	1,289
	12,789	14,550
EQUITY		
Equity of Canada (Note 7)	10,883	10,052
	23,672	24,602

Approved by Management:

GEORGE MACDONALD
Director

JACQUES OUELLET
Deputy Director

Approved by the Board of Trustees:

PETER HERRNDORF
Chairman

PIERRE MOREAULT
Trustee

CANADIAN MUSEUM OF CIVILIZATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Expenses	
Personnel costs	16,645
Professional and special services	5,261
Protection services	2,399
Furniture and fixtures	2,013
Amortization	1,836
Freight and cartage	834
Repairs and maintenance	777
Exhibit design and fabrication	618
Cost of goods sold—	
Boutiques	517
Collection acquisitions	510
Equipment rental	385
Marketing and advertising	348
Communications	192
Allowance for doubtful accounts	96
Other	272
	32,703
Revenue	
CINÉPLUS	1,268
General admissions	1,034
Boutique sales	855
Parking	425
Facility rental and food services concession	311
Other	282
	4,175
Excess of expenses over revenue before parliamentary appropriation	28,528

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Operating activities	
Excess of expenses over revenue before parliamentary appropriation	(28,528)
Items not affecting funds	
Amortization	1,836
Employee termination benefits	5
	(26,687)
Change in non-cash operating assets and liabilities	(2,779)
Funds used for operating activities	(29,466)
Investing activities	
Net acquisition of property and equipment	(2,667)
Financing activities	
Parliamentary appropriation	29,359
Decrease in the deposit with the Receiver General for Canada	(2,774)
On deposit as at July 1, 1990	9,819
On deposit as at March 31, 1991	7,045

STATEMENT OF EQUITY OF CANADA
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Balance as at July 1, 1990	10,052
Excess of expenditures over revenue before parliamentary appropriation	(28,528)
Parliamentary appropriation—Operations and acquisition of property and equipment	29,359
Balance as at March 31, 1991	10,883

CANADIAN MUSEUM OF CIVILIZATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Mission and mandate

The Canadian Museum of Civilization was established on July 1, 1990 by the Museums Act. The Canadian Museum of Civilization is a Crown Corporation named in Part I of Schedule III of the Financial Administration Act. The Canadian War Museum is a component part of the Canadian Museum of Civilization.

The mission, as stated in the Museums Act, is as follows:

"to increase, throughout Canada and internationally, interest in, knowledge and critical understanding of and appreciation and respect for human cultural achievements and human behaviour by establishing, maintaining and developing for research and posterity a collection of objects of historical or cultural interest, with special but not exclusive reference to Canada, and by demonstrating those achievements and behaviour, the knowledge derived from them and the understanding they represent."

In compliance with the Museums Act, assets, liabilities and equity belonging to the Canadian Museum of Civilization were transferred, as of July 1, 1990, from National Museums of Canada to the Canadian Museum of Civilization at book value.

2. Significant accounting policies

(a) Inventories

The inventories, which consist of materials for the boutiques and publications, are valued at the lesser of cost or net realizable value.

(b) Collection

The artifact collection forms the largest part of the assets of the Corporation, but it is presented in the balance sheet at a nominal value of $1,000 given the practical difficulties of determining a meaningful value for this asset.

Objects purchased for the collection of the Corporation are, in the year of acquisition, recorded as an expense or accounted for in the Trust account depending on the source of funds. Objects donated to the Corporation are not recorded in the books of accounts.

(c) Property and equipment

Property and equipment were transferred to the Corporation on July 1, 1990 at the book value, on that date, in the books of the National Museums of Canada. The counterpart of this appears on the balance sheet in the Equity of Canada. Property and equipment acquired since July 1, 1990 are valued at cost.

Amortization is calculated on the straight-line method, commencing with the date of receipt of the goods, as follows:

Leasehold improvements	10 years
Office furniture and equipment	8 years
Technical and informatics equipment	5 and 8 years
Motor vehicles	5 years

Since the buildings are not owned by the Corporation, no amortization is taken.

(d) Pension plan

Employees of the Corporation participate in the Public Service Superannuation plan, administered by the Government of Canada. The Corporation matches these contributions equally for each employee for the period in which services are rendered. These contributions are expended during the year in which services are rendered and represent the total obligation of the Corporation for employee pension plan.

(e) Employee termination benefits

Employees of the Corporation are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(f) Parliamentary appropriation

The parliamentary appropriation funds the net cost of operations for the period and finances the acquisition of fixed assets—property and equipment. The parliamentary appropriation is credited to the Equity of Canada.

3. Accounts receivable

	March 31 1991	July 1 1990
	(in thousands of dollars)	
Recoveries of salaries from government departments	373	256
Recoveries of Goods and Services Tax	334	
Trade accounts	76	104
Other	57	119
	840	479

4. Trust account

A trust account was created to facilitate the management of funds donated by or received from private individuals and other corporate entities.

On July 1, 1990, the balance of the trust account was $1,289,601. For the period ending March 31, 1991, the revenue amounted to $401,720 and expenditures amounted to $208,072 for a closing balance at March 31, 1991 of $1,483,249.

5. Property and equipment

	March 31 1991			July 1 1990
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Leasehold improvements	6,561	787	5,774	5,608
Office furniture and equipment	3,524	1,188	2,336	1,732
Technical equipment	5,894	2,633	3,261	3,443
Informatics equipment	2,873	1,642	1,231	1,030
Motor vehicles	201	110	91	49
	19,053	6,360	12,693	11,862

CANADIAN MUSEUM OF CIVILIZATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

6. Accounts payable and accrued liabilities

	March 31 1991	July 1 1990
	(in thousands of dollars)	
Trade accounts payable	6,020	3,311
Government departments and agencies	1,336	5,669
Accrued salaries and vacation pay	1,776	2,430
	9,132	11,410

7. Equity of Canada

The Equity of Canada represents the book value of assets and liabilities transferred from the former National Museums of Canada as of July 1, 1990 and the net results of the operations of the Corporation since that date. However, it does not reflect the value of land and buildings occupied by the Corporation as they are presently provided without charge and owned by the Government of Canada (see Notes 2(c) and 8). The artifact collection is included at a nominal value of $1,000 (see Note 2(b)).

8. Related party transactions

The building space occupied by the Corporation is supplied without charge by the Department of Public Works. The Corporation also receives, without charge, accounting and auditing services from different government departments and agencies. These services provided without charge are not recorded in the financial statements.

During the reporting period and in the normal course of operations, the Corporation incurred expenses for the work and services provided by other government departments and agencies under the same conditions as outside parties.

CANADIAN MUSEUM OF NATURE

MANAGEMENT RESPONSIBILITIES

The Board of Trustees, which is responsible for, among other things, the financial statements of the corporation, delegates to management the responsibility for the preparation of the financial statements and the annual report. Responsibility for their review is that of the Audit and Finance Committee. The financial statements were prepared by management in accordance with generally accepted accounting principles and include estimates based on management's experience and judgement. The financial statements have been approved by the Board of Trustees of the corporation on the recommendation of the Audit and Finance Committee. Other financial and operating information appearing in this annual report is consistent with that contained in the financial statements.

Management maintains books and records, financial and management control and information systems and management practices in such a manner as to provide reasonable assurance that: reliable and accurate information is produced on a timely basis; assets are safeguarded and controlled; transactions are in accordance with Part X of the Financial Administration Act and its regulations as well as the Museums Act and by-laws of the corporation; resources are managed economically and efficiently, and that the operations of the corporation are carried out effectively.

The Auditor General of Canada conducts an independent audit of the financial statements of the corporation in accordance with generally accepted auditing standards.

The Board of Trustees of the corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility through its Audit and Finance Committee, which is composed of three trustees, none of whom are employees of the corporation. The Audit and Finance Committee discharges the responsibilities conferred upon it by the Board of Trustees, and meets on a regular basis with management, and the Auditor General of Canada, who has unrestricted access to the Committee.

Alan R. Emery
Director

Colin C. Eades
Comptroller

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Museum of Nature as at March 31, 1991 and the statements of operations, equity of Canada and changes in financial position for the nine months then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1991 and the results of its operations and changes in its financial position for the nine months then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Museums Act and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 19, 1991

CANADIAN MUSEUM OF NATURE—*Continued*

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	March 31 1991	Opening July 1st 1990
Current		
Deposit with the Receiver General for Canada	2,083	2,060
Accounts receivable		
Government departments	148	1
Others	99	129
Inventories	346	247
	2,676	2,437
Trust account (Note 3)	745	509
Collections	1	1
Capital assets (Note 4)	2,338	1,854
	5,760	4,801

LIABILITIES AND EQUITY OF CANADA	March 31 1991	Opening July 1st 1990
Current		
Accounts payable and accrued liabilities		
Others	2,293	2,639
Government departments	610	198
Current portion of provision for employee termination benefits	215	165
	3,118	3,002
Provision for employee termination benefits	1,132	1,080
Trust account (Note 3)	745	509
	4,995	4,591
EQUITY		
Equity of Canada	765	210
	5,760	4,801

Approved by the Board of Trustees:

NORMAN E. WAGNER
Chairman

Approved by Management:

ALAN R. EMERY
Director

COLIN C. EADES
Comptroller

CANADIAN MUSEUM OF NATURE—*Continued*

STATEMENT OF OPERATIONS
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

		1991
Expenses		
Personnel costs		10,006
Professional and special services		1,622
Materials and supplies		873
Amortization		557
Travel		377
Communications		375
Repairs and maintenance		196
Others		194
Bad debts		139
Freight and cartage		131
Rentals of equipment		108
Marketing and advertising		92
Acquisitions of objects for collections		55
Exhibit design and fabrication		17
		14,742
Revenues		
Commercial operations		
Publishing and boutique	226	
Cost of goods sold	112	
Gross profit		114
Admission fees		156
Parking		179
Rentals of facilities		135
		584
Scientific services		109
Education programmes		60
Other		194
		947
Net cost of operations (Note 5)		13,795

STATEMENT OF EQUITY OF CANADA
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Balance at the beginning of the period	210
Parliamentary appropriation (Note 6)	13,560
Transfer from Trust Account (Note 7)	790
Net cost of operations	(13,795)
Balance at the end of the period	765

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Operating activities	
Net cost of operations	(13,795)
Items not affecting funds	
Amortization	557
Change in long-term provision for employee termination benefits	52
Net change in non-cash working capital	(100)
Funds applied to operating activities	(13,286)
Investing activities	
Addition to capital assets	(1,041)
Financing activities	
Parliamentary appropriation	13,560
Transfer from Trust account	790
	14,350
Increase in deposit with Receiver General for Canada	23
Deposit at the beginning of the period	2,060
Deposit at the end of the period	2,083

CANADIAN MUSEUM OF NATURE—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority, mission and operations

The Canadian Museum of Nature was established by the Museums Act on July 1st, 1990 and is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The Canadian Museum of Nature was previously under the jurisdiction of the National Museums of Canada. Following Section 34 of the Museums Act, all rights, obligations and liabilities of the National Museums of Canada in relation to a constituent museum have become rights, obligations and liabilities of the constituent museum as it is for the Canadian Museum of Nature.

The corporation's mission is to increase, throughout Canada and internationally, interest in, knowledge of and appreciation and respect for the natural world by establishing, maintaining and developing for research and posterity a collection of natural history objects, with special but not exclusive reference to Canada, and by demonstrating the natural world, the knowledge derived from it and the understanding it represents.

To accomplish its mission, the corporation has organized its operations in two major functions, Collections and Research and Public Programmes supported by Communications and Marketing activities, Services to the Museum and Comptrollership activities. The overall direction and coordination of activities are under the responsibility of the Museum Directorate.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles and reflect the following policies:

(a) Inventories

Inventories of publications and boutique are valued at the lower of cost and net realizable value, cost being determined by the specific item method.

(b) Capital assets

Capital assets were transferred from the National Museums of Canada at their original cost with related accumulated amortization. Capital assets acquisitions are recorded at cost. Amortization is calculated on the straight-line basis based on the estimated useful lives of the assets as follows:

Office equipment	5 to 12 years
Other equipment and furnishings	5 to 10 years
Leasehold improvements	5 and 10 years

Material and equipment acquired for the purpose of the design, development and maintenance of exhibits are charged to operations in the year of acquisition.

(c) Collections

Collections constitute the major part of the corporation's assets, but are shown at a nominal value of $1,000 on the balance sheet. Valuation of collections would be neither practical nor economical and their uniqueness prevents the establishment of a fair value.

Objects purchased for the collections are recorded as expenses in the year of acquisition or charged to the Trust account, depending on the source of funds. Objects donated to the corporation are not recorded in the books of accounts.

(d) Pension plan

The corporation's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are made by both employees and the corporation on an equal basis. These contributions represent the total pension obligations of the corporation and are recognized in the accounts on a current basis.

(e) Employee termination benefits

Employees of the corporation are entitled to specified benefits on termination as provided under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees under the respective terms of employment.

(f) Donated services

The value of volunteer and other services donated by individuals and corporate entities to the corporation are not recorded in the financial statements.

3. Trust account

A Trust account is established within the Consolidated Revenue Fund. This account permits the corporation to manage funds donated by and/or received from individuals and corporate entities for the purpose for which funds were donated or received. Funds deposited in this account earn interest. Transactions are accounted for on a cash basis and are not included in the statement of operations.

	(in thousands of dollars)
Receipts	
Gifts and bequests	1,036
Interest	44
	1,080
Disbursements	844
Excess of receipts over disbursements	236
Balance at the beginning of the period	509
Balance at the end of the period	745

4. Capital assets

	March 31 1991			July 1st 1990
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Office equipment	1,876	920	956	673
Other equipment and furnishings	2,648	1,471	1,177	1,181
Leasehold improvements	240	35	205	
	4,764	2,426	2,338	1,854

CANADIAN MUSEUM OF NATURE—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

5. Related party transactions

Through common ownership, the corporation is related to all Government of Canada created departments, agencies and Crown corporations.

Building space occupied by the corporation is provided by Public Works Canada without charge. Buildings are either owned and maintained by Public Works or leased/rented for the benefit of the corporation. During the period, the corporation also received without charge accounting and auditing services from related parties.

The corporation also incurred, in the normal course of operations, expenses in the amount of $1,889,000 for the work and services provided by other government departments and agencies.

6. Parliamentary appropriation

A parliamentary appropriation funds the net operating expenditures and finances the acquisition of capital assets. The parliamentary appropriation is reflected in the equity of Canada.

	(in thousands of dollars)
Department of Communications	
—Vote 47c	14,565
Deferred from previous year	95
	14,660
Amount lapsed	1,100
Amount used	13,560

7. Transfer from trust account

During the period, a sum of $790,000 was transferred to the corporation from the Trust account. This transfer was made to reimburse the corporation for a payment made in June 1990 for the acquisition of the William Pinch Collection. Payments related to the acquisition of this collection are normally made from the Trust account. However, due to a temporary shortfall of funds, the payment had to be made by the National Museums of Canada and the corporation's parliamentary appropriation for the period has been reduced by that amount.

8. Commitments

As at March 31, 1991, the corporation had outstanding commitments which amounted to $1,195,000, mainly in respect of security services and exhibit contracts.

CANADIAN NATIONAL RAILWAY SYSTEM

MANAGEMENT REPORT

The accompanying consolidated financial statements of Canadian National Railway System and all information in this annual report are the responsibility of management and have been approved by the board of directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. These statements include some amounts that are based on best estimates and judgments. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

Management of the Company, in furtherance of the integrity and objectivity of data in the financial statements, has developed and maintains a system of internal accounting controls and supports an extensive program of internal audits. Management believes that this system of internal accounting controls provides reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements and that assets are properly accounted for and safeguarded.

The board of directors carries out its responsibility for the financial statements in this report principally through its audit committee, consisting solely of outside directors. The audit committee reviews the Company's annual consolidated financial statements and recommends their approval by the board of directors. Also, the audit committee meets regularly with the Vice-President Internal Audit and with the Shareholder's Auditors, appointed by the Government of Canada.

These consolidated financial statements have been examined by the Shareholder's Auditors, Deloitte & Touche and Raymond, Chabot, Martin, Paré, whose report is presented below.

Yvon H. Masse
Senior Vice-President and Chief Financial Officer

AUDITORS' REPORT

TO THE MINISTER OF TRANSPORT

We have audited the consolidated balance sheets of Canadian National Railway System as at December 31, 1990 and 1989 and the consolidated statements of income, retained earnings and changes in financial position for each of the years in the three-year period ended December 31, 1990. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the System as at December 31, 1990 and 1989 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended December 31, 1990 in accordance with generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants
(For the years ended December 31, 1990, 1989 and 1988)

Raymond, Chabot, Martin, Paré
Chartered Accountants
(For the year ended December 31, 1990)

Montreal, Canada
March 5, 1991

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

CONSOLIDATED BALANCE SHEET DECEMBER 31
(in thousands of dollars)

ASSETS	1990	1989
Current		
Cash and time deposits		128,824
Accounts receivable	449,598	431,955
Material and supplies	260,032	251,156
Other	280,094	270,573
	989,724	1,082,508
Investments	135,772	106,495
Properties	5,809,887	5,814,073
Other assets and deferred charges	92,885	102,275
	7,028,268	7,105,351

LIABILITIES		1990		1989
Current				
Bank indebtedness		114,050		100
Accounts payable and accrued charges		826,974		850,277
Current portion of long-term debt		103,055		59,990
Other		263,172		311,092
		1,307,251		1,221,459
Other liabilities and deferred credits		380,811		425,632
Deferred income taxes		33,823		44,570
Long-term debt		1,756,395		1,869,889
Minority interest in subsidiary companies		4,345		4,345
SHAREHOLDER'S EQUITY				
Capital stock	2,278,867		2,278,867	
Retained earnings	1,266,776	3,545,643	1,260,589	3,539,456
		7,028,268		7,105,351

See accompanying notes to consolidated financial statements.

On behalf of the Board:

BRIAN R.D. SMITH
Director

RONALD E. LAWLESS
Director

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1990	1989	1988
CN Rail			
Revenues	3,398,175	3,528,331	3,792,115
Expenses	3,498,337	3,403,307	3,571,430
Income (loss)	(100,162)	125,024	220,685
Grand Trunk Corporation			
Revenues	431,147	461,312	477,816
Expenses	441,729	447,625	464,882
Income (loss)	(10,582)	13,687	12,934
Enterprises group			
CN Real Estate			
Revenues	130,047	101,827	54,741
Expenses	46,812	34,786	20,486
Other income	12,435	25,949	12,557
Income	95,670	92,990	46,812
CN Exploration			
Revenues	38,962	30,283	27,568
Expenses	30,474	22,475	24,428
Income	8,488	7,808	3,140
Other			
Income	12,250	17,273	10,471
Total Enterprises group	116,408	118,071	60,423
Income from continuing operations before unusual item and income taxes	5,664	256,782	294,042
Premium on early extinguishment of long-term debt			(111,106)
Income from continuing operations before income taxes	5,664	256,782	182,936
Income taxes	(2,070)	51,031	4,349
Net income from continuing operations	7,734	205,751	178,587
Discontinued operations			104,078
Net income	7,734	205,751	282,665

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1990	1989	1988
Balance, beginning of year	1,260,589	1,095,988	822,212
Prior years' dividends reversed			47,644
Net income	7,734	205,751	282,665
Dividend	(1,547)	(41,150)	(56,533)
Balance, end of year	1,266,776	1,260,589	1,095,988

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1990	1989	1988
Operating activities			
Net income from continuing operations	7,734	205,751	178,587
Non-cash charges to income			
Depreciation and amortization	269,444	264,766	261,910
Income of equity investees less dividends	(14,634)	(29,255)	(16,998)
Deferred income taxes (recovery)	(10,747)	44,570	
Changes in working capital items*	(50,730)	34,735	(40,542)
Other	(44,008)	(55,323)	(32,989)
Cash from continuing operations	157,059	465,244	349,968
Cash from discontinued operations			14,333
	157,059	465,244	364,301
Investing activities			
Additions to properties	(327,175)	(370,960)	(386,319)
Net proceeds from disposal of properties	61,916	62,560	71,600
Investments in unconsolidated affiliates	(24,472)	(23,204)	(15,539)
Advances from unconsolidated affiliates	17,513	21,323	6,612
Repayment of advances by unconsolidated affiliates	1,194	1,538	964
Proceeds from sale of business units			882,283
Working capital of previously consolidated companies			(18,642)
Investments in previously consolidated companies			(13,259)
	(271,024)	(308,743)	527,700
Dividend paid to shareholder	(56,533)		
Cash provided (used) before financing activities	(170,498)	156,501	892,001
Financing activities			
Issuance of long-term debt	10,396	14,381	5,772
Reduction of long-term debt	(82,672)	(78,344)	(798,327)
	(72,276)	(63,963)	(792,555)
Net increase (decrease) in cash	(242,774)	92,538	99,446
Cash (bank indebtedness), beginning of year	128,724	36,186	(63,260)
Net cash (bank indebtedness), end of year	(114,050)	128,724	36,186

* Excluding cash, bank indebtedness, current portion of long-term debt and dividend paid.

See accompanying notes to consolidated financial statements.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Introduction

All references in these Notes to the "Company" refer to Canadian National Railway Company which is wholly-owned by the Government of Canada and, unless the context otherwise requires, its consolidated subsidiaries, and all references to the "System" mean Canadian National Railway Company and its consolidated subsidiaries together with the lines of railway and other property entrusted by the Government of Canada to the Company for management and operation.

(a) Principles of consolidation

The consolidated financial statements include the accounts of all significant subsidiaries and, consistent with the legislation governing the System, the accounts of the Canadian Government Railways entrusted to the Company by the Government of Canada.

Investments in entities in which the Company has less than a majority interest are accounted for by the equity method, where appropriate.

(b) Reporting by division

In presenting the results by division, interdivisional charges for services have not been eliminated. Consolidated net income is not affected by this practice.

(c) Material and supplies

The inventory is valued at laid down cost based on weighted average cost for ties and rails, latest invoice price for fuel and new materials in stores, and at estimated utility or sales value for usable second hand, obsolete and scrap materials.

(d) Properties

Accounting for railway properties is carried out in accordance with rules issued by the National Transportation Agency of Canada (Canadian properties) and the Interstate Commerce Commission (United States properties). Generally, major additions and replacements are capitalized and interest costs are charged to expense.

The cost of depreciable railway assets retired or disposed of, less salvage, is charged to accumulated depreciation, in accordance with the group plan of depreciation. Other depreciable assets retired or disposed of are accounted for in accordance with the unit plan whereby gains or losses are taken into income as they occur.

The Company follows the successful efforts method of accounting for its oil and gas operations whereby the acquisition costs of oil and gas properties, the costs of successful exploratory wells and the costs of drilling and equipping development wells are capitalized.

CN Real Estate's properties are stated at cost. Carrying costs of properties under development are capitalized. Such costs include real estate taxes, insurance, interest and other expenses directly related to the development activity.

(e) Depreciation

Depreciation is calculated at rates sufficient to write off properties over their estimated useful lives, generally on a straight-line basis. For railway properties, rates are authorized by the National Transportation Agency of Canada and the Interstate Commerce Commission. The rates for significant classes of assets are as follows:

	Annual Rate
Ties	2.71%-2.73%
Rails	1.93%
Other track material	2.23%-2.83%
Ballast	3.27%
Road locomotives	4.30%
Freight cars	1.73%-3.18%

Acquisition costs of oil and gas properties are amortized on a straight-line basis over the term of the lease until such time as the properties are determined to be productive or judged to be impaired. Acquisition costs of productive properties and costs of successful exploratory drilling and of drilling and equipping development wells are charged against income on the unit-of-production method based upon proven reserves of oil and gas. Exploratory dry hole and acquisition costs judged to be impaired are charged against income in the current period. Other exploratory expenditures are charged against income as incurred.

CN Real Estate assets are depreciated using the straight-line method calculated over the estimated economic life of the asset.

(f) Revenues

Transportation: Revenues are generally recognized on completion of movements, with interline movements being treated as complete when the shipment is turned over to the connecting carrier. Costs associated with movements not completed are deferred.

Real estate: Rental revenues are recognized as earned. Revenues from disposition of properties are recognized on completion of the sale. The share of income from joint ventures is recognized on an equity basis and reported as Other income.

(g) Pensions

Pension costs are determined periodically by independent actuaries. Pension expense is charged annually to operations and comprises the total of the following:

— the cost of pension benefits provided in exchange for employees' services rendered during the year, and

— amortization of past service costs over the expected average remaining service life of the employee group covered by the plans.

The pension plans are funded through contributions determined in accordance with the accrued benefit actuarial cost method.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(h) Foreign exchange

The Company's foreign operations are classified as integrated and are translated and accounted for on the following bases. Current assets (excluding material and supplies), current liabilities and long-term debt are translated at the rates in effect at the balance sheet date, whereas all other assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates during the year except for depreciation which is translated at exchange rates prevailing when the related properties were acquired.

The Company's own foreign denominated assets and liabilities are accorded similar treatment. Revenues and expenses are translated at rates prevailing at the time of the transactions except for revenues designated as a hedge against repayment of foreign denominated long-term debt which are translated at the rate in effect at the inception of the debt.

Currency gains and losses are reflected in net income for the year, except for unrealized foreign currency losses on long-term debt. The Company has designated future U.S. dollar revenue streams as a hedge against the repayment of most of its long-term debt denominated in U.S. dollars, and has thus deferred reflecting the related unrealized foreign currency translation losses in net income until the earlier of the debt repayment or the expiry of the hedge. Unrealized foreign currency losses related to long-term debt denominated in U.S. dollars not covered by the hedge are deferred and amortized over the remaining life of the debt. Such deferred amounts are included in the Consolidated Balance Sheet as part of Other Assets and Deferred Charges.

(i) Leases

Leases which satisfy the criteria for capital leases and which have been entered into after 1981 have been capitalized. Other leases entered into prior to 1982, satisfying the criteria for capital leases, have been recorded as operating leases.

2. Changes in accounting policies

During 1990 the Company adopted retroactively the recommendations of the Canadian Institute of Chartered Accountants relating to discontinued operations and extraordinary items. The principal features of the recommendations are a much narrower definition of the nature of transactions qualifying as extraordinary items and the requirement to disclose results of discontinued operations separately from those of continuing operations. These changes result mainly in the inclusion in the income statement caption "Income taxes" of reductions in income taxes resulting from the application of prior years' losses and in "Discontinued operations" of certain 1988 asset write-downs, closure costs and gains on disposal of business units, net of related income taxes. These amounts had previously been treated as extraordinary items. The changes have no impact on reported net income.

3. Investments

	Percentage of Voting Interest	December 31 1990	1989
		(in thousands of dollars)	
Entities accounted for by equity method			
CNCP Niagara-Detroit Partnership ...	50%	18,646	17,766
The Toronto Terminals Railway Company	50%	10,682	10,682
Other		50,828	36,494
		80,156	64,942
Other investments at cost less provisions for impairment where applicable		55,616	41,553
Total		135,772	106,495

4. Properties

	December 31, 1990 Cost	Accumulated depreciation	Net	December 31, 1989 Cost	Accumulated depreciation	Net
	(in thousands of dollars)					
CN Rail	8,488,536	3,317,177	5,171,359	8,356,990	3,172,380	5,184,610
Grand Trunk Corporation	526,394	145,682	380,712	522,984	144,485	378,499
Enterprises group						
CN Real Estate	161,983	22,736	139,247	151,169	18,571	132,598
CN Exploration	125,328	61,804	63,524	114,846	53,368	61,478
Other	75,737	20,692	55,045	79,773	22,885	56,888
	9,377,978	3,568,091	5,809,887	9,225,762	3,411,689	5,814,073
Amounts included above with respect to Canadian Government Railways entrusted to the Company by the Government of Canada	1,043,036	579,815	463,221	1,019,199	554,399	464,800

At December 31, 1990 the gross value of assets under capital leases included above was $97.4 million (1989—$103.7 million) and related accumulated amortization thereon amounted to $18.9 million (1989—$16.0 million).

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

5. Long-term debt

	Maturity	Currency in which payable	December 31 1990	1989
			(in thousands of dollars)	
Bonds, Debentures and Notes				
Canadian National 11 3/8% 8 Year Notes	June 11, 1993	Canadian	100,000	100,000
Canadian National 9 7/8% 8 Year Notes	Mar. 18, 1994	Canadian	100,000	100,000
Canadian National 12 1/2% 10 Year Notes	Apr. 15, 1995	Canadian	100,000	100,000
Canadian National 6 1/2% 10 Year Japanese Yen Notes (a)	Mar. 26, 1996	Canadian	70,000	70,000
Canadian National 9 3/8% 10 Year Notes	Oct. 1, 1996	Canadian	100,000	100,000
Canadian National 9 1/4% 20 Year Sinking Fund Debentures	Mar. 15, 1998	United States	44,511	62,315
Canadian National 5 3/8% 15 Year Swiss Franc Bonds (b)	Aug. 22, 2000	Canadian	98,617	98,617
Canadian National 8 7/8% 15 Year Notes	May 21, 2001	Canadian	150,000	150,000
Canadian National 8 3/8% 25 Year Sinking Fund Debentures	July 1, 2002	United States	63,561	68,858
Canadian National 9.70% 25 Year Sinking Fund Debentures	July 15, 2004	United States	152,781	163,861
Canadian National 13% 20 Year Sinking Fund Debentures	Nov. 15, 2004	Canadian	86,928	90,196
Canadian National 12 1/4% 20 Year Sinking Fund Debentures	May 1, 2005	Canadian	125,000	125,000
Canadian National 14% 25 Year Sinking Fund Debentures	Jan. 15, 2006	United States	84,158	95,028
Canadian National 15% 25 Year Sinking Fund Debentures	June 1, 2006	United States	77,230	84,328
Canadian National 16 1/4% 25 Year Sinking Fund Debentures	Mar. 1, 2007	United States	55,695	87,180
Canadian National 14 3/4% 30 Year Sinking Fund Debentures	Sept. 1, 2012	United States	55,722	55,722
Canadian National 12% 30 Year Sinking Fund Debentures	Mar. 15, 2013	United States	122,548	122,548
Buffalo and Lake Huron 5 1/2% 1st Mortgage Bonds	Perpetual	Sterling	795	795
Buffalo and Lake Huron 5 1/2% 2nd Mortgage Bonds	Perpetual	Sterling	1,228	1,228
Total bonds, debentures and notes			1,588,774	1,675,676
Government of Canada loan (c)			147,634	161,085
Other				
Amounts owing under equipment purchase agreements (d)		Various	93,120	105,592
Syndicated loan (e)		Canadian	42,610	42,610
Capital lease obligations (f)		Various	88,449	90,733
Adjustment to current exchange rate (see Note 1 (h))			(14,532)	(12,074)
Total other			209,647	226,861
			1,946,055	2,063,622
Less: in-substance defeasance (g)			74,091	123,545
Current portion of long-term debt			103,055	59,990
Unamortized discount and other			12,514	10,198
			189,660	193,733
Long-term debt			1,756,395	1,869,889

(a) The Company borrowed $70.0 million at an all-inclusive cost of 10.25% by means of a Euro-yen public note issue and a currency swap.

(b) The Company borrowed $98.6 million at an all-inclusive cost of 11.17% by means of a public bond issue in Switzerland and a currency swap.

(c) The Government of Canada loan bears interest at 8 3/4% per annum and is payable in equal semi-annual instalments of $13.63 million covering principal and interest to June 30, 1998.

(d) Secured by rolling stock and payable by semi-annual or quarterly instalments over various periods to 2000 at interest rates ranging from 8 1/2% to 17 3/4%. As at December 31, 1990, the principal amounts are payable as U.S. $57.2 million and Canadian $22.7 million (December 31, 1989—U.S. $77.1 million, Canadian $14.4 million).

(e) The Company borrowed $42.6 million at an all-inclusive cost of 11.535% by means of a yen syndicated loan and currency swap.

(f) Interest rates for these leases range from approximately 7 7/8% to 14 1/2% with expiry dates occurring during the years 1991 through 2005. The imputed interest on these leases amounts to $73.9 million (1989—$79.0 million).

(g) Certain of the Company's long-term debt is considered to be extinguished as a result of the Company's having placed in irrevocable trusts, government securities sufficient to satisfy the interest and maturing principal requirements of the specific debt obligations involved.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(h) Principal repayments, including sinking fund repayments, repurchase arrangements and capital lease repayments, on debt outstanding at December 31, 1990, are as follows:

Year ending December 31	(in thousands of dollars)
1991	103,055
1992	96,273
1993	174,171
1994	210,178
1995	242,725
1996-2000	575,010
2001-2005	405,091
2006-2010	26,098
2011-2015	22,038

6. Shareholder's Equity

(a) Capital stock

The capital stock of Canadian National Railway Company, $2,278,866,774, consists of 5,868,786 common shares of no par value authorized, issued and outstanding which are owned by the Government of Canada.

(b) Retained earnings

Under its governing legislation, the Company is required to pay to the Receiver General for Canada a dividend equal to 20% of net income for the year or such greater percentage as the Governor in Council may direct. Accordingly, a dividend representing 20% of the net income for the year has been accrued and is included in Other Current Liabilities as is the dividend pertaining to 1989 net income. The dividend based on 1988 net income was paid during 1990. The dividends accrued on 1985 and 1987 income, which had not yet been paid, were reversed and transferred to retained earnings in 1988 on the basis of a Treasury Board of Canada decision dated December 15, 1988.

7. Major commitments and contingencies

(a) Leases

(i) The Company's commitments as at December 31, 1990, under leases, excluding those which have been capitalized and for which the lease obligations are recorded as long-term debt (see Note 5), are as follows:

Non-cancellable leases Year ending December 31	Pre-1982 Capital leases	Operating leases
	(in thousands of dollars)	
1991	4,727	126,630
1992	3,618	115,462
1993	1,363	114,815
1994	998	109,199
1995	998	99,305
1996-2000	3,466	493,000
2001-2005	1,124	345,011
Thereafter		14,829
Total minimum lease payments	16,294	1,418,251
Less amount representing imputed interest	3,987	
Present value of net minimum lease payments under capital leases	12,307	

A significant portion of the leases is in respect of railway rolling stock and many of them provide renewal options and an option to purchase the property at fair market value at the end of the lease terms.

(ii) Rental expenses under all lease arrangements which have not been capitalized were:

	Year ended December 31		
	1990	1989	1988
	(in thousands of dollars)		
Total expenses	138,584	140,628	154,719
Expenses under pre-1982 capital leases included in total expenses	9,023	22,909	30,347

(iii) Increases in income, assets and liabilities in the consolidated financial statements, which would have arisen if leases entered into prior to 1982 and which satisfied the criteria for capital leases had been capitalized, are as follows:

	Year ended December 31		
	1990	1989	1988
	(in thousands of dollars)		
Increase in net income	1,940	4,925	8,498
Increase in assets			
Properties			
Leased properties under capital leases	46,265	98,706	203,454
Less accumulated amortization	34,981	85,363	180,223
	11,284	13,343	23,231
Other assets and deferred charges			
Unamortized deferred exchange loss	582	977	3,753
	11,866	14,320	26,984
Increase in current liabilities			
Present value of obligations under capital leases	3,761	6,388	22,025
Increase in non-current liabilities			
Present value of obligations under capital leases	11,746	17,760	37,075
Adjustment to current exchange rate (see Note 1 (h))	561	928	3,641
	12,307	18,688	40,716
Less current portion	3,761	6,388	22,025
	8,546	12,300	18,691

(b) Other commitments

The Company has commitments at December 31, 1990, for capital expenditures of $8.7 million for railway ties and $21.1 million for rail.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(c) Contingencies

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries, damage to property and environmental matters. While the final outcome with respect to actions outstanding or pending at December 31, 1990 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the System's financial position.

8. Subsidies

Revenues include the following subsidies:

	Year ended December 31		
	1990	1989	1988
	(in thousands of dollars)		
Government of Canada			
(a) Payments under the Railway Act paid under authority of that Act and the related Appropriation Act in respect of certain uneconomic operations, services and prescribed rates which railways are required by the Railway Act to maintain	23,180	32,818	48,854
(b) Maritime Freight Rates Act and Atlantic Region Freight Assistance Act subsidies	14,383	17,381	19,971
(c) Sundry		548	2,510
Other assistance			391
	37,563	50,747	71,726

9. Pensions

The Company has retirement benefit plans covering substantially all its employees under which they are entitled to benefits at retirement age generally based on compensation and length of service and/or contributions.

The actuarial valuations as at December 31, 1989, revealed a consolidated actuarial liability of $7.1 billion and a consolidated actuarial asset value of $6.6 billion. It is estimated that those amounts could approximate $7.3 billion and $6.8 billion respectively as at December 31, 1990. Subsequent actuarial valuations will determine the actual values at that date.

Annual pension costs were:

Year ended December 31		
1990	1989	1988
(in thousands of dollars)		
123,402	156,552	165,784

10. System interest expense

	Year ended December 31		
	1990	1989	1988
	(in thousands of dollars)		
Interest on long-term debt	207,387	214,272	318,297
Interest on short-term borrowings	4,348	217	2,431
Interest income	(4,306)	(15,332)	(20,269)
	207,429	199,157	300,459

11. Income taxes

(a) The Company's provision for income taxes is made up as follows:

	Year ended December 31		
	1990	1989	1988
	(in thousands of dollars)		
Provision for income taxes on income from continuing operations based on combined basic Canadian federal and provincial tax rate for 1990 of 40.8% (1989—40.8%, 1988—44.7%)	2,313	104,870	81,864
Increase (decrease) in taxes resulting from			
Non-allowable portion of capital loss on early extinguishment of debt			17,670
Capital losses not allowed for current year			12,726
Non-allowable foreign exchange loss on conditional sale agreements	258	414	686
Profit on sale of land	(14,826)	(22,858)	(6,060)
Federal large corporations tax	7,400	4,000	
Other	2,785	3,815	4,575
Application of prior years' losses		(39,210)	(107,112)
Actual provision for (recovery of) income taxes on income from continuing operations resulting in an effective rate for 1990 of 36.5% (1989—19.8%, 1988—2.3%)	(2,070)	51,031	4,349
Represented by:			
Current	8,677	6,461	4,349
Deferred	(10,747)	44,570	
	(2,070)	51,031	4,349

Deferred income taxes result primarily from the difference between capital cost allowance claimed for income tax and depreciation recorded for accounting purposes.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(b) Investment tax credits are also available to reduce future income taxes otherwise payable until the related year of expiry as follows:

Year of expiry	(in millions of dollars)
1993	25.9
1994	33.9
1995	29.7
1996	18.9
1997	14.0
1998	9.0

12. Discontinued operations

During 1988 the Company disposed of CN Hotels, the two subsidiary telephone companies and CNCP Telecommunications with the latter sale including Telecommunications Terminal Systems. In addition, TerraTransport ceased operations and incurred closure costs during that year.

(a) The financial effect of these transactions was as follows:

	CN Hotels	CN Communications	Terra-Transport	Total
	(in thousands of dollars)			
Loss from operations	(9,137)	(50,321)	(29,277)	(88,735)
Closure costs			(92,300)	(92,300)
Net gain on disposition	117,922	167,191		285,113
	108,785	116,870	(121,577)	104,078

(b) The provision for income taxes on income from discontinued operations based on combined basic Canadian federal and provincial tax rate for 1988 of 44.7% was $33.9 million. This provision was offset by the application of prior years' losses.

13. Segmented information

(a) Geographic areas

Virtually all of the System's operations and assets are within Canada with the exception of Grand Trunk Corporation which operates in the United States.

(b) International traffic

In addition to the revenue generated by Grand Trunk Corporation, the System derives revenue from traffic originating or terminating on railroads in the United States. In 1990, such revenues approximated $604 million (1989—$622 million, 1988—$668 million).

(c) Revenues by division

	Year ended December 31		
	1990	1989	1988
	(in thousands of dollars)		
CN Rail	3,398,175	3,528,331	3,792,115
Grand Trunk Corporation	431,147	461,312	477,816
Enterprises group			
CN Real Estate	130,047	101,827	54,741
CN Exploration	38,962	30,283	27,568
Other	79,461	80,301	56,004
Discontinued operations			264,867
	4,077,792	4,202,054	4,673,111

CANADIAN NATIONAL RAILWAY SYSTEM—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Concluded*

(d) Identifiable assets by division

	Year ended December 31 1990	1989	1988
	(in thousands of dollars)		
CN Rail	6,086,633	6,143,025	6,006,443
Grand Trunk Corporation	557,807	591,993	611,912
Enterprises group			
CN Real Estate	218,502	218,216	141,140
CN Exploration	71,035	70,288	65,239
Other	94,291	81,829	81,301
	7,028,268	7,105,351	6,906,035

(e) Capital expenditures and depreciation by division

	Capital Expenditures* 1990	1989	1988	Depreciation 1990	1989	1988
	(in thousands of dollars)					
CN Rail	285,336	293,816	283,723	244,029	239,020	234,794
Grand Trunk Corporation	20,670	18,194	14,370	13,675	14,494	14,157
Enterprises group						
CN Real Estate	6,430	44,487	28,560	1,844	1,419	1,102
CN Exploration	12,634	13,302	9,868	8,534	8,138	9,798
Other	2,105	1,161	185	1,363	1,696	1,880
Discontinued operations			49,613			31,789
	327,175	370,960	386,319	269,445	264,767	293,520

Year ended December 31

* Represent additions to properties.

14. Other matters

(a) The Company carries on ordinary business transactions with various entities controlled by the Government of Canada on the same terms and conditions as current transactions with unrelated parties.

In addition, the Company provides, under contractual arrangements, rail transportation and maintenance services to the Government of Canada and to entities controlled by the latter. The revenue derived from such services rendered in 1990 aggregated $102.1 million (1989—$101.5 million, 1988—$103.3 million).

(b) Following enactment of the Western Grain Transportation Act, which became effective on January 1, 1984, the Government of Canada, in order to minimize the cost to grain shippers, pays a portion of the cost of shipping grain. Amounts received from the Government of Canada under the Western Grain Transportation Act amounted to $335.3 million in 1990 (1989—$332.6 million, 1988—$416.0 million), a reflection principally of the volume of grain handled.

(c) On October 10, 1990, the Company announced an enhanced separation benefits package to encourage up to 1,500 management and administrative personnel to leave the Company through early retirement or voluntary departure. The plan has an estimated potential total cost approximating $100 million. To December 31, 1990, approximately 300 employees' applications for such benefits had been accepted and related costs of $20.3 million were accrued and charged against income in 1990.

(d) In the Budget tabled in the House of Commons on February 26, 1991, the Minister of Finance of Canada announced the Government's intention to privatize CN Exploration. He further indicated that proceeds from the sale of this business unit would be remitted to the Government to reduce the deficit.

15. Reclassification of comparative figures

During 1990, changes were made to improve the classification of certain items and for comparative purposes the 1989 and 1988 figures have been reclassified.

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Canadian National (West Indies) Steamships Ltd. as at December 31, 1990 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1990 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 22, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989	LIABILITIES	1990	1989
	$	$		$	$
Cash	885	1,381	Matured bonds—Unclaimed (Note 3)	14,025	14,025
Deposit with Receiver General for Canada	95,000	95,000	Due to Canada (Note 4)	324,024	324,024
Blocked funds (Note 2)	1,573,006	1,396,986		338,049	338,049
			EQUITY OF CANADA		
			Capital stock		
			Authorized and issued		
			10 Class A shares without par value	976	976
			Retained earnings	1,329,866	1,154,342
				1,330,842	1,155,318
	1,668,891	1,493,367		1,668,891	1,493,367

Approved by the Board of Directors:

VINCE MALIZIA
Chairman

NICOLAS VAN DUYVENDYK
Director

CANADIAN NATIONAL RAILWAY SYSTEM—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Concluded*

(d) Identifiable assets by division

	Year ended December 31		
	1990	1989	1988
	(in thousands of dollars)		
CN Rail	6,086,633	6,143,025	6,006,443
Grand Trunk Corporation	557,807	591,993	611,912
Enterprises group			
CN Real Estate	218,502	218,216	141,140
CN Exploration	71,035	70,288	65,239
Other	94,291	81,829	81,301
	7,028,268	7,105,351	6,906,035

(e) Capital expenditures and depreciation by division

	Year ended December 31					
	Capital Expenditures*			Depreciation		
	1990	1989	1988	1990	1989	1988
	(in thousands of dollars)					
CN Rail	285,336	293,816	283,723	244,029	239,020	234,794
Grand Trunk Corporation	20,670	18,194	14,370	13,675	14,494	14,157
Enterprises group						
CN Real Estate	6,430	44,487	28,560	1,844	1,419	1,102
CN Exploration	12,634	13,302	9,868	8,534	8,138	9,798
Other	2,105	1,161	185	1,363	1,696	1,880
Discontinued operations			49,613			31,789
	327,175	370,960	386,319	269,445	264,767	293,520

* Represent additions to properties.

14. Other matters

(a) The Company carries on ordinary business transactions with various entities controlled by the Government of Canada on the same terms and conditions as current transactions with unrelated parties.

In addition, the Company provides, under contractual arrangements, rail transportation and maintenance services to the Government of Canada and to entities controlled by the latter. The revenue derived from such services rendered in 1990 aggregated $102.1 million (1989—$101.5 million, 1988—$103.3 million).

(b) Following enactment of the Western Grain Transportation Act, which became effective on January 1, 1984, the Government of Canada, in order to minimize the cost to grain shippers, pays a portion of the cost of shipping grain. Amounts received from the Government of Canada under the Western Grain Transportation Act amounted to $335.3 million in 1990 (1989—$332.6 million, 1988—$416.0 million), a reflection principally of the volume of grain handled.

(c) On October 10, 1990, the Company announced an enhanced separation benefits package to encourage up to 1,500 management and administrative personnel to leave the Company through early retirement or voluntary departure. The plan has an estimated potential total cost approximating $100 million. To December 31, 1990, approximately 300 employees' applications for such benefits had been accepted and related costs of $20.3 million were accrued and charged against income in 1990.

(d) In the Budget tabled in the House of Commons on February 26, 1991, the Minister of Finance of Canada announced the Government's intention to privatize CN Exploration. He further indicated that proceeds from the sale of this business unit would be remitted to the Government to reduce the deficit.

15. Reclassification of comparative figures

During 1990, changes were made to improve the classification of certain items and for comparative purposes the 1989 and 1988 figures have been reclassified.

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Canadian National (West Indies) Steamships Ltd. as at December 31, 1990 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1990 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 22, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Cash	885	1,381
Deposit with Receiver General for Canada	95,000	95,000
Blocked funds (Note 2)	1,573,006	1,396,986
	1,668,891	1,493,367

LIABILITIES	1990	1989
	$	$
Matured bonds—Unclaimed (Note 3)	14,025	14,025
Due to Canada (Note 4)	324,024	324,024
	338,049	338,049
EQUITY OF CANADA		
Capital stock		
Authorized and issued		
10 Class A shares without par value	976	976
Retained earnings	1,329,866	1,154,342
	1,330,842	1,155,318
	1,668,891	1,493,367

Approved by the Board of Directors:

VINCE MALIZIA
Chairman

NICOLAS VAN DUYVENDYK
Director

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.—*Concluded*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Interest income	176,047	144,118
Expenses		
Legal fees	455	
Filling fees and bank charges	68	65
	523	65
Net income for the year	175,524	144,053
Retained earnings at beginning of the year	1,154,342	1,010,289
Retained earnings at end of the year	1,329,866	1,154,342

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Authority and activities

Canadian National (West Indies) Steamships Ltd. was incorporated in 1927 under the Dominion Companies Act and continued under the Canada Business Corporations Act. It is a parent Crown corporation named in Schedule III Part I to the Financial Administration Act. It ceased all active operations in 1957, at which time it sold its fleet of eight vessels to Cuban interests.

On October 29, 1985, Parliament passed the Crown Corporations Dissolution Authorization Act which authorized the Minister of Finance to dissolve the corporation.

An assignment has been prepared in which the corporation transfers to Her Majesty in Right of Canada all its rights and interests in, to or arising out of the letter of credit referred to in Note 2 below. However, this document has not yet been executed since the consent from BankAmerica International to this assignment and their acknowledgement that payment under the letter of credit will be made to Her Majesty in Right of Canada, have not yet been received.

Accordingly, the corporation remains to be dissolved and as such the blocked funds are still recorded as an asset of the corporation.

The dissolution process will be completed when the consent and acknowledgement are received from BankAmerica International.

2. Blocked funds

The final instalment of $470,400 on the sale of the eight vessels to Cuban interests was due to be paid on August 19, 1963 by an irrevocable letter of credit issued through BankAmerica International (then known as Bank of America). However, on July 3, 1963, the United States Cuban Assets Control Regulations became effective and prohibited the Bank from honouring payment of the draft. Amendments to the Regulations, effective March 2, 1979 required blocked funds to be held in an interest-bearing account. At December 31, 1990, accrued interest amounted to $1,102,606 (1989—$926,586).

Since 1984, the BankAmerica International has withheld 15% of interest earned on the funds blocked at the Bank by the Cuban Asset Regulations as a tax on non-resident earnings. To date $142,939 has been withheld including interest on the withheld funds of $43,660. In management's opinion, the tax exempt status of the corporation is preserved in the United States by the Tax Convention of 1980, as amended. Therefore, amounts withheld and the interest forgone thereupon have been included in income and assets and accordingly no liability recorded.

Negotiations to recover the blocked funds have been unsuccessful and all legal proceedings have been suspended until the U.S. Regulations are repealed.

3. Matured bonds—Unclaimed

The matured bonds have been unclaimed since March 1, 1955 and as a result of the statute of limitations there is no legal obligation to redeem them. However, the corporation intends to honour any of the outstanding bonds should they be presented.

4. Due to Canada

The advances from Canada bear no interest and are repayable when the blocked funds are received.

5. Related party transactions

Related party transactions not otherwise disclosed in these financial statements are as follows:

— The Department of Transport paid legal fees of $2,533 and will pay outstanding legal fees of $4,357, both of which will not be recovered from the corporation;

— Administrative services were provided without charge by the Department of Transport.

CANADIAN PATENTS AND DEVELOPMENT LIMITED

AUDITOR'S REPORT

TO THE MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

I have audited the balance sheet of Canadian Patents and Development Limited as at March 31, 1991 and the statements of operations and surplus and changes in cash resources for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 30, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash	176,589	327,900
Short-term investments	1,077,909	648,661
Accounts receivable	576,650	530,349
Accrued interest	7,133	8,249
Prepaid expenses	11,825	11,223
	1,850,106	1,526,382
Industrial and intellectual property rights	1	1
Furniture and equipment	1	1
	1,850,108	1,526,384

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	362,757	516,786
Royalties received in advance	87,680	85,133
Provision for employee termination benefits	441,253	
	891,690	601,919
Provision for employee termination benefits		266,888
	891,690	868,807
EQUITY OF CANADA		
Capital stock		
Authorized—10,000 shares without par value		
Issued—5,000 shares fully paid	296,199	296,199
Surplus	662,219	361,378
	958,418	657,577
	1,850,108	1,526,384

Approved by the Board:

N. PLANTE
Director

J. A. LÉGER
Director

CANADIAN PATENTS AND DEVELOPMENT LIMITED—*Continued*

STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Regular operations		
Revenue		
Royalties	1,843,564	2,169,807
Interest on investments	158,999	130,375
Service charges under agency agreements	90,515	94,434
Interest on overdue accounts	45,752	33,851
Miscellaneous	1,106	88,982
	2,139,936	2,517,449
Expenses		
Salaries and employee benefits	1,209,196	1,625,426
Industrial and intellectual property agents' fees and related expenses, for obtaining and maintaining proprietary protection (Note 4)	461,767	459,233
Accommodation, equipment and other rentals	287,563	274,988
Professional and special services	165,493	198,900
Awards to inventors	132,154	148,566
Costs of licensing rights	89,391	63,282
Office supplies, printing, furnishings and equipment	72,104	103,167
Travel and removal	70,059	79,381
Legal fees	52,443	39,491
Communications	46,380	56,537
Bad debts	15,564	54,672
Miscellaneous	5,795	16,079
	2,607,909	3,119,722
Cost of regular operations before wind-up operations	467,973	602,273
Wind-up operations		
Special employee termination benefits (Note 3)	1,030,186	
Cost of operations for the year	1,498,159	602,273
Parliamentary appropriation (Note 3)	1,799,000	799,000
Excess of parliamentary appropriation over cost of operations for the year	300,841	196,727
Surplus at beginning of the year	361,378	164,651
Surplus at end of the year	662,219	361,378

STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Cash used in operating activities		
Cost of operations	1,498,159	602,273
Items not requiring cash		
Provision for employee termination benefits	(869,171)	(46,543)
	628,988	555,730
Cash used in (provided by) non-cash working capital components		
Accounts receivable	46,301	(265,957)
Other current assets	(514)	3,711
Accounts payable and accrued liabilities	154,029	163,885
Royalties received in advance	(2,547)	(2,758)
	197,269	(101,119)
Payment of employee termination benefits	694,806	20,805
Cash used in operating activities	1,521,063	475,416
Cash provided by financing activities		
Parliamentary appropriation	1,799,000	799,000
Increase in cash resources	277,937	323,584
Cash and short-term investments at beginning of year	976,561	652,977
Cash and short-term investments at end of year	1,254,498	976,561

CANADIAN PATENTS AND DEVELOPMENT LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and operations

Canadian Patents and Development Limited is a Crown corporation named in Part I of Schedule III to the Financial Administration Act and is incorporated under the Canada Business Corporations Act. The Corporation was established to make available to the public, through licensing arrangements with industry, the industrial and intellectual property which results from publicly-funded research and development.

The Corporation receives and processes industrial and intellectual property under arrangements with federal government departments, Crown corporations and agencies, universities, and other publicly-financed institutions. Suitable protection is sought in Canada and other countries for such property in instances where there is a promise of commercial use. In respect of money received from the exploitation of such property, the Corporation pays awards to public servants under the Public Servants Inventions Act and makes payments to other originators of such property in accordance with the agreements entered into with them.

On May 23, 1991, Bill C-8, an Act to provide for the dissolution or transfer of certain Crown corporations, received third reading in the House of Commons. If the Act is proclaimed, it will authorize the Minister of Industry, Science and Technology to proceed with the dissolution of the corporation.

2. Significant accounting policies

Industrial and intellectual property rights

Industrial and intellectual property rights are recorded at a nominal value of $1. The net cost of acquisition, protection and maintenance of industrial and intellectual property rights is charged to operations as incurred.

Furniture and equipment

Furniture and equipment are recorded at a nominal value of $1. The cost of these items is charged to operations in the year of acquisition. Proceeds resulting from the sale of these items are credited to revenue in the year of disposal.

Employee termination benefits

Employees are entitled to specified benefits on termination as provided under labour contracts and conditions of employment. In view of the eventual dissolution, the Corporation has approved special termination benefits to the employees. The liability for these benefits is recorded as the benefits accrue to the employees.

Pension plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contributions to the cost of the Plan under present legislation are limited to an amount equal to the employees' contributions on account of current service. These contributions represent the total pension obligations of the Corporation and are recognized in the accounts on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

3. Parliamentary appropriation and special employee termination benefits

In view of its eventual dissolution, the Corporation requested and received during the year a supplementary parliamentary appropriation of $1,000,000 to cover the cost of the special termination benefit plan the Corporation approved for its employees.

4. Industrial and intellectual property agents' fees and related expenses, for obtaining and maintaining proprietary protection

	1991	1990
	$	$
Fees and related expenses	686,554	718,143
Less: recoveries	224,787	258,910
	461,767	459,233

5. Lease commitment

Under a lease agreement dated August 24, 1988 the Corporation pays an annual rent of $172,338 for accommodation. The period covered by this agreement is November 1, 1988 to October 31, 1993. The terms of the lease also require payment of certain costs over the lease period. The Corporation is negociating the transfer of the lease to another government entity without any penalty.

CANADIAN SALTFISH CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF FISHERIES AND OCEANS

I have audited the balance sheet of the Canadian Saltfish Corporation as at March 31, 1991 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Saltfish Act and the by-laws of the Corporation, except for the provision of loans described in Note 5. In my opinion, this activity is not within the powers of the Corporation under the Saltfish Act.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 31, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash	837,129	704,504
Accounts receivable		
Trade	2,515,021	4,587,724
Other	1,038,377	2,998,974
Inventories (Note 4)	768,784	3,839,360
Loans receivable (Note 5)	1,102,339	697,807
	6,261,650	12,828,369
Long-term		
Loans receivable (Note 5)		990,036
Capital assets (Note 6)	2,169,833	2,479,528
	8,431,483	16,297,933

LIABILITIES	1991	1990
	$	$
Current		
Working capital loans from Canada (Note 7)	30,500,000	43,000,000
Accounts payable and accrued liabilities	1,643,606	6,329,828
Current portion of accrued employee termination benefits	738,225	
Current portion of capital asset loan from Canada (Note 7)	900,000	100,000
	33,781,831	49,429,828
Long-term		
Capital asset loan from Canada (Note 7)		900,000
Accrued employee termination benefits	215,382	656,291
	215,382	1,556,291
DEFICIT OF CANADA		
Deficit	(25,565,730)	(34,688,186)
	8,431,483	16,297,933

Approved by the Board:

JAMES BARNES
Director

GREGORY C. VISCOUNT
Director

CANADIAN SALTFISH CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Saltfish products		
Sales	37,647,993	39,176,150
Less: freight and insurance	1,843,349	1,918,415
	35,804,644	37,257,735
Cost of goods sold		
Production costs	33,021,301	35,441,796
Other buying costs	1,150,540	1,185,911
Transportation, storage and packaging	1,104,976	1,505,183
Amortization of production assets	340,825	360,230
	35,617,642	38,493,120
Gross profit (loss) on saltfish products	187,002	(1,235,385)
Frozen fish (Note 1)		
Sales		7,881,567
Cost of goods sold		7,881,567
Gross profit on frozen fish		
Gross profit (loss) before expenses	187,002	(1,235,385)
Expenses		
Interest—Current (net of recoveries of $408,251; 1990—$613,362)	4,000,282	4,619,327
—Long-term	109,250	300
Net interest expense	4,109,532	4,619,627
Administrative (net of recoveries of Nil; 1990—$209,825) (Note 1)	1,407,214	960,260
Selling (net of recoveries of Nil; 1990—$375,002) (Note 1)	856,050	938,728
Amortization of administrative assets	101,089	105,464
	6,473,885	6,624,079
Net loss on operations	6,286,883	7,859,464
Bad debt expense (recoveries) (Note 8)	(409,339)	11,500,000
Net loss for the year	5,877,544	19,359,464

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Balance at beginning of the year	34,688,186	15,328,722
Ex-gratia payment from Canada (Note 3)	(15,000,000)	
Net loss for the year	5,877,544	19,359,464
Balance at end of the year	25,565,730	34,688,186

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Funds were provided by (used for)		
Financing activities		
Ex-gratia payment from Canada	15,000,000	
Increase in (repayment of) working capital loans from Canada	(12,500,000)	2,000,000
Increase in (repayment of) capital asset loan from Canada	(100,000)	1,000,000
	2,400,000	3,000,000
Operating activities		
Net loss for the year	(5,877,544)	(19,359,464)
Employee termination benefit payments	(286,964)	
Adjustments for non-cash items		
Bad debts	833,968	11,500,000
Amortization	441,914	494,658
Gain on sale of capital assets	(12,803)	
Employee termination benefit expense	584,280	55,797
	(4,317,149)	(7,309,009)
Decrease in trade receivables	2,072,703	3,875,290
Decrease (increase) in loans and other receivables	1,712,133	(6,139,965)
Decrease in inventories	3,070,576	3,990,309
Increase (decrease) in accounts payable	(4,686,222)	4,115,447
	(2,147,959)	(1,467,928)
Investing activities		
Purchase of capital assets	(150,218)	(1,004,016)
Proceeds from disposal of capital assets	30,802	
	(119,416)	(1,004,016)
Net funds provided	132,625	528,056
Cash at beginning of the year	704,504	176,448
Cash at end of the year	837,129	704,504

CANADIAN SALTFISH CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority, objectives and operations of the Corporation

The Canadian Saltfish Corporation was established by the Saltfish Act in 1970, to improve the earnings of the primary producers of cured codfish. The Corporation is an agent Crown corporation of Canada without share capital, named in Part I of Schedule III to the Financial Administration Act and is required to conduct its operations on a self-sustaining financial basis. The Corporation is dependent on the Government of Canada for working capital and capital asset loans and is not subject to income taxes.

Through agreements between the Government of Canada and the provinces of Newfoundland and Quebec, the Corporation has the exclusive right to trade in and market cured codfish and its by-products in Newfoundland and the Lower North Shore of Quebec and is required to buy all cured codfish of an acceptable standard of quality offered for sale therein. Fish is purchased from fishermen, processed through its own facilities or by agents and is subsequently marketed by the Corporation, primarily to foreign countries (see Note 3).

In prior years, the Corporation provided marketing services and financing for frozen fish products. During 1989-90, the Corporation ceased providing these services.

2. Significant accounting policies

Amortization

Amortization is calculated using the straight-line method and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Equipment	3 to 10 years
Furniture and fixtures	5 years

Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the rate of exchange prevailing on the transaction date. The resulting foreign currency translation gains and losses are included in the results of operations.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the plan are required from both the employee and the Corporation. Contributions with respect to current services are expensed on a current basis.

Employee termination benefits

Employees are entitled to specific benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees. Any additional termination benefits are expensed in the period when the decision is made to reduce staff levels.

3. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Corporation, an agent Crown corporation, has received financial support from the Government of Canada. The Corporation's ability to continue as a "going concern" is dependent on the continued support by the Government of Canada to meet all obligations and commitments as they come due and its ability, ultimately, to achieve profitable operation. A corporate plan covering only the 1991-92 fiscal year was submitted by the Corporation, and approved by the Governor-in-Council.

The Corporation has taken a number of actions to restructure its operations and reduce its workforce. Contractual arrangements for the production of saltfish by private processors, the drying of saltfish and secondary processing activities have been terminated. The Corporation will continue to fulfil its mandate to purchase and market saltfish produced by fishermen and private production.

These financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate. If the "going concern" assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

4. Inventories

	1991	1990
	$	$
Saltfish, at lower of cost and net realizable value	62,685	2,971,452
Packages and supplies, at cost	276,271	504,593
Salt, at cost	429,828	363,315
	768,784	3,839,360

5. Loans receivable

This account consists primarily of loans to fish producers to acquire and refurbish fishing vessels and to acquire production equipment. All of the loans were issued prior to April 1, 1990. The repayment terms require the payment of interest at terms ranging from the Bank of Canada rate plus 1% to the Royal Bank of Canada prime rate plus 1%. The loans are secured by mortgages on vessels and other assets.

6. Capital assets

	1991			1990
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	79,095		79,095	79,095
Buildings	1,383,633	792,527	591,106	661,556
Equipment	3,579,081	2,344,147	1,234,934	1,427,768
Furniture and fixtures	516,787	252,089	264,698	311,109
	5,558,596	3,388,763	2,169,833	2,479,528

CANADIAN SALTFISH CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

7. Loans from Canada

Working capital loans are interest bearing (based upon current rates as set by the Bank of Canada) and are repayable within one year.

The capital asset loan is repayable in 10 yearly instalments and has an interest rate of 10.94 %. The Corporation intends to repay the outstanding balance in 1991-92, therefore the loan has been classified as current.

Total loans outstanding from Canada and banks shall not exceed $50 million.

8. Bad debts

During 1990-91, the Corporation recovered $1,243,307 in excess of the previously estimated net book values of certain receivables. An additional bad debt expense of $833,968 was recognized during the year.

9. Related party transactions

The Corporation sold approximately $800,000 (1990—$5,700,000) of saltfish products to the Canadian International Development Agency. These transactions were in the normal course of business and at regular commercial rates.

During the year, the Corporation operated a fishermen's service facility at Punchbowl, Labrador on behalf of the Department of Fisheries and Oceans for a nominal annual consideration. Under the terms of the contract, the Corporation is to provide and maintain a fish purchasing and processing station and certain facilities for the fishermen during the regular fishing season.

10. Remuneration to foreign sales agents

During the year $107,262 (1990—$87,902) was paid to six foreign sales agents with whom the Corporation has commission agents' agreements. For reasons of commercial confidentiality, the Corporation does not publish the names of its foreign sales agents.

11. Contractual commitments

The Corporation has entered into long term lease and vessel charters with the following minimum annual payments:

	$
1991-92	347,517
1992-93	349,850
1993-94	43,181
1994-95	Nil
1995-96	Nil
1996-97 and future years	Nil

12. Comparative figures

Certain of the 1990 comparative figures have been reclassified to conform to the current year's presentation.

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 1991
WERE NOT AVAILABLE AT DATE OF PRINTING

THE CANADIAN WHEAT BOARD—*Continued*

AUDITORS' REPORT

TO THE CANADIAN WHEAT BOARD

We have examined the financial statements of The Canadian Wheat Board set out as Exhibits I to VIII and notes thereto which include the balance sheet as at July 31, 1990, and the statements of operations for the 1989-90 pool accounts for wheat and amber durum wheat for the period August 1, 1989, to completion of operations on October 19, 1990, the statement of operations for the 1989-90 pool accounts for barley and designated barley for the period August 1, 1989, to completion of operations on September 30, 1990, the statement of administrative and general expenses and allocations to operations for the year ended July 31, 1990, the statement of advance payments to producers under the Prairie Grain Advance Payments Act as at July 31, 1990, and the statement of special account transactions for the year ended July 31, 1990. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at July 31, 1990, and the results of operations for the periods shown, in accordance with generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants

Winnipeg, Canada
March 1, 1991

BALANCE SHEET AS AT JULY 31, 1990
(with prior year figures for comparison)

EXHIBIT I

ASSETS	1990	1989
	$	$
Stocks of grain (Note 1(a))		
Wheat	624,797,702	646,419,957
Durum	148,783,030	130,206,714
Oats		26,098,738
Designated Oats		2,688,284
Barley	58,712,133	187,609,928
Designated Barley	16,738,826	31,308,222
	849,031,691	1,024,331,843
Bills of exchange plus accrued interest (Note 2)	4,625,484,239	3,701,171,827
Accounts receivable (Note 3)		
Amounts due on completed sales	15,234,576	53,450,801
Sundry	20,980,637	17,761,236
Prairie Grain Advance Payments Act	39,135,534	44,633,801
Due from the Government of Canada re: deficit on Pool Account operations		
1988-89 Pool Account—Oats		32,361,239
The Canadian Wheat Board Building, Winnipeg, at cost less depreciation	1,507,216	1,611,503
Covered hopper cars, at cost less depreciation (Note 4)	57,534,605	60,516,037
Office furniture, equipment and automobiles, at cost less depreciation	1,187,661	1,190,416
Deferred and prepaid expenses	1,653,857	1,999,562
	5,611,750,016	4,939,028,265

LIABILITIES	1990	1989
	$	$
Liability to banks (Note 5)	4,507,217,127	3,619,608,031
Liability to agents for grain purchased from producers (Note 6)	551,700,354	569,415,257
Liability to agents for deferred cash tickets (Note 7)	113,558,903	102,811,770
Accrued expenses and accounts payable (Note 8)	71,990,424	86,520,811
Outstanding adjustment and final payment cheques to producers		
Wheat	839,201	454,024
Durum	105,654	305,741
Oats	4,796	19,060
Designated Oats	1,186	
Barley	59,609	44,627
Designated Barley	46,897	8,396
Special Account—Net balance of undistributed payment accounts (Note 9)	5,022,637	4,272,574
Provision for final payment expenses (Note 10)	2,211,626	2,734,927
Surpluses resulting from operations		
Pool Account		
Wheat	203,253,274	469,403,586
Durum	46,643,070	26,417,209
Designated Oats		3,327,644
Barley	73,870,510	16,788,430
Designated Barley	35,224,748	36,896,178
	5,611,750,016	4,939,028,265

LORNE F. HEN
Chief Commissioner

FORREST M. HETLAND
Assistant Chief Commissioner

RICHARD H. KLASSEN
Commissioner

GORDON P. MACHEJ
Commissioner

WILLIAM H. SMITH
Commissioner

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1989-90 POOL ACCOUNT—WHEAT
FOR THE PERIOD AUGUST 1, 1989, TO COMPLETION OF OPERATIONS ON OCTOBER 19, 1990
(with prior year figures for the 1988-89 Pool Account for comparison)

EXHIBIT II

	1989-90		1988-89	
	Tonnes	Amount	Tonnes	Amount
		$		$
Wheat acquired				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	16,682,883	2,635,281,090	14,218,367	2,377,546,508
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	111,848	19,477,505	135,496	23,334,599
Purchased from prior year Pool Account—Wheat	1,607,091	316,768,543		
	18,401,822	2,971,527,138	14,353,863	2,400,881,107
Wheat sold				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill				
Domestic	1,395,857		1,437,233	
Export	12,724,571		9,691,155	
Weight losses in transit and in drying	1,706		471	
	14,122,134	2,680,176,574	11,128,859	2,281,180,323
Wheat stocks—Being Wheat stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill				
Completed sales for the period subsequent to July 31				
Domestic	420,480		258,526	
Export	2,004,965		1,359,387	
Sale to the subsequent Pool Account—Wheat	1,854,243		1,607,091	
	4,279,688	624,797,702	3,225,004	646,419,957
	18,401,822	3,304,974,276	14,353,863	2,927,600,280
Surplus on Wheat transactions		333,447,138		526,719,173
Operating costs				
Carrying charges				
Carrying charges on Wheat stored in country elevators		81,947,913		43,576,178
Storage on Wheat stored in terminal elevators		25,171,463		14,168,229
		107,119,376		57,744,407
Interest, bank charges and net interest on other Board accounts		(24,312,632)		(33,651,756)
Demurrage/Despatch		(66,282)		(3,302,045)
Additional freight—Wheat shipped from country stations to terminal position		15,814,413		9,266,321
—Freight rate change		2,389,795		1,675,231
Handling and stop-off on Wheat warehoused at interior terminals		62,126		(19,809)
Drying charges		76,344		32,299
Interest and depreciation on Wheat Board hopper cars		8,220,815		7,627,680
Wheat Board administrative and general expenses		20,889,909		17,943,259
		130,193,864		57,315,587
Surplus on operations of the Board on the Pool Account—Wheat, for the period from August 1, 1989, to October 19, 1990 (1988-89 September 30, 1989)		203,253,274		469,403,586

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1989-90 POOL ACCOUNT—AMBER DURUM WHEAT
FOR THE PERIOD AUGUST 1, 1989, TO COMPLETION OF OPERATIONS ON OCTOBER 19, 1990
(with prior year figures for the 1988-89 Pool Account for comparison)

EXHIBIT III

	1989-90		1988-89	
	Tonnes	Amount	Tonnes	Amount
		$		$
Durum acquired				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	3,498,752	502,789,898	2,254,359	420,780,711
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	27,482	3,921,707	17,902	3,306,710
Purchased from prior year Pool Account—Durum	424,785	77,630,578	200,258	33,626,638
	3,951,019	584,342,183	2,472,519	457,714,059
Durum sold				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill				
Domestic	178,920		128,456	
Export	2,612,712		1,627,519	
Weight losses in transit and in drying	1,348		2,537	
	2,792,980	509,374,499	1,758,512	374,996,935
Durum stocks—Being Durum stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill				
Completed sales for the period subsequent to July 31				
Domestic	48,398		36,667	
Export	566,249		252,555	
Sale to the subsequent Pool Account—Durum	543,392		424,785	
	1,158,039	148,783,030	714,007	130,206,714
	3,951,019	658,157,529	2,472,519	505,203,649
Surplus on Amber Durum Wheat transactions		73,815,346		47,489,590
Operating costs				
Carrying charges				
Carrying charges on Durum stored in country elevators		15,557,532		10,827,316
Storage on Durum stored in terminal elevators		6,236,353		4,810,372
		21,793,885		15,637,688
Interest and bank charges		(1,939,580)		1,018,487
Demurrage/Despatch		(81,889)		(499,446)
Additional freight—Durum shipped from country stations to terminal position		922,521		414,599
—Freight rate change		359,330		444,893
Handling and stop-off on Durum warehoused at interior terminals		335		950
Drying charges		1,938		870
Interest and depreciation on Wheat Board hopper cars		1,724,078		1,209,389
Wheat Board administrative and general expenses		4,391,658		2,844,951
		27,172,276		21,072,381
Surplus on operations of the Board on the Pool Account—Durum, for the period from August 1, 1989, to October 19, 1990 (1988-89 September 30, 1989)		46,643,070		26,417,209

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1989-90 POOL ACCOUNT—BARLEY
FOR THE PERIOD AUGUST 1, 1989, TO COMPLETION OF OPERATIONS ON SEPTEMBER 30, 1990
(with prior year figures for the 1988-89 Pool Account for comparison)

EXHIBIT IV

	1989-90		1988-89	
	Tonnes	Amount	Tonnes	Amount
		$		$
Barley acquired				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	3,067,088	305,790,879	4,035,425	483,922,812
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	17,436	1,769,992	69,065	5,797,698
Purchased from prior year Pool Account—Barley	468,190	59,307,067		
	3,552,714	366,867,938	4,104,490	489,720,510
Barley sold				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill	3,009,602	397,270,005	2,672,893	342,804,701
Weight losses in transit and in drying	30		54	
Barley stocks—Being Barley stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill				
Completed sales for the period subsequent to July 31	485,239	53,130,142	963,353	128,302,861
Sale to the subsequent Pool Account—Barley	57,843	5,581,991	468,190	59,307,067
	3,552,714	455,982,138	4,104,490	530,414,629
Surplus on Barley transactions		89,114,200		40,694,119
Operating costs				
Carrying charges				
Carrying charges on Barley stored in country elevators		9,327,125		10,930,743
Storage on Barley stored in terminal elevators		1,426,806		2,425,508
		10,753,931		13,356,251
Interest and bank charges		(7,600,719)		288,533
Demurrage/Despatch		1,074,813		(334,009)
Additional freight—Barley shipped from country stations to terminal position		5,639,416		1,755,367
—Freight rate change		126,040		1,581,659
Handling and stop-off on Barley warehoused at interior terminals		864		
Drying charges		7,914		402
Interest and depreciation on Wheat Board hopper cars		1,511,367		2,164,871
Wheat Board administrative and general expenses		3,730,064		5,092,615
		15,243,690		23,905,689
Surplus on operations of the Board on the Pool Account—Barley, for the period from August 1, 1989, to September 30, 1990 (1988-89 September 30, 1989)		73,870,510		16,788,430

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1989-90 POOL ACCOUNT—DESIGNATED BARLEY
FOR THE PERIOD AUGUST 1, 1989, TO COMPLETION OF OPERATIONS ON SEPTEMBER 30, 1990
(with prior year figures for the 1988-89 Pool Account for comparison)

EXHIBIT V

	1989-90		1988-89	
	Tonnes	Amount	Tonnes	Amount
		$		$
Designated Barley acquired				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	843,496	138,126,408	1,074,488	195,921,451
Designated Barley sold				
Completed sales to July 31 basis in store Thunder Bay or Vancouver	761,788	153,966,698	942,125	200,127,452
Designated Barley stocks—Being Designated Barley stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay or Vancouver				
Completed sales for the period subsequent to July 31	81,708	16,738,826	132,363	31,308,222
	843,496	170,705,524	1,074,488	231,435,674
Surplus on Designated Barley transactions		32,579,116		35,514,223
Operating costs				
Interest		(4,087,105)		(3,266,267)
Demurrage/Despatch				(48,094)
Interest and depreciation on Wheat Board hopper cars		415,649		576,427
Wheat Board administrative and general expenses		1,025,824		1,355,979
		(2,645,632)		(1,381,955)
Surplus on operations of the Board on the Pool Account—Designated Barley, for the period from August 1, 1989, to September 30, 1990 (1988-89 September 30, 1989)		35,224,748		36,896,178

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF ADMINISTRATIVE AND GENERAL EXPENSES AND ALLOCATIONS TO OPERATIONS FOR THE YEAR ENDED JULY 31, 1990
(with prior year figures for comparison)

EXHIBIT VI

	1989-90	1988-89
	$	$
Administrative and general expenses		
Salaries—Board members, officers and staff	16,547,555	16,246,201
Unemployment insurance, pension, group insurance, medical and other employee benefits	2,334,722	2,180,867
Manitoba Health and Education Tax	372,140	323,451
Advisory Committee	171,636	113,491
Rental and lighting of offices including maintenance of The Canadian Wheat Board Building	1,615,432	1,547,222
Telephones, telex and facsimile transmissions	616,699	599,370
Postage	845,987	682,879
Printing, stationery and supplies	467,183	593,153
Annual report, mini report and "Grain Matters", etc.	130,357	158,849
District meetings	31,884	22,533
Office and miscellaneous	896,364	694,451
Travelling and transfer of staff	972,995	873,706
Area Representatives	235,389	183,638
Legal fees and court costs	191,107	67,329
Audit fees	108,000	98,500
Computing equipment—Rental and sundries	2,811,447	2,399,736
Repair and upkeep of office machines and equipment	19,615	23,177
Grain market publications and services	136,561	98,248
The Canadian Wheat Board share of operating expenses of Canadian International Grains Institute	1,124,533	1,184,256
Bonds and insurance	35,185	33,896
Depreciation on building, furniture, equipment and automobiles	348,546	358,053
Review Panel	113,447	
	30,126,784	28,483,006

		1989-90	1988-89
		$	$
Allocations to Operations			
1. Marketing of Producers' Grain			
1989-90 Pool Account—Wheat	10,794,582		
1989-90 Pool Account—Durum	2,263,846		
1989-90 Pool Account—Barley	1,984,540		
1989-90 Pool Account—Designated Barley	545,779		
1988-89 Pool Account—Wheat	8,728,836		
1988-89 Pool Account—Durum	1,383,980		
1988-89 Pool Account—Oats	579,881		
1988-89 Pool Account—Designated Oats	154,482		
1988-89 Pool Account—Barley	2,477,398		
1988-89 Pool Account—Designated Barley	659,642		
		29,572,966	28,059,138
2. Distributing Final Payments to Producers			
(a) Wheat and Durum			
1988-89 Pool Account—Wheat	244,698		
1988-89 Pool Account—Durum	53,771		
1987-88 Pool Account—Wheat	40,009		
1987-88 Pool Account—Durum	8,972		
1986-87 Pool Account—Wheat	4,831		
1986-87 Pool Account—Durum	658		
1985-86 Pool Account—Durum	3,114		
1984-85 Pool Account—Wheat	3,474		
1984-85 Pool Account—Durum	471		
1983-84 Pool Account—Wheat	2,378		
1983-84 Pool Account—Durum	323		
		362,699	299,170
(b) Coarse Grains			
1988-89 Pool Account—Designated Oats	8,367		
1988-89 Pool Account—Barley	123,063		
1988-89 Pool Account—Designated Barley	28,864		
1987-88 Pool Account—Oats	3,155		
1987-88 Pool Account—Designated Oats	468		
1987-88 Pool Account—Barley	12,955		
1987-88 Pool Account—Designated Barley	3,229		
1986-87 Pool Account—Oats	2,002		
1986-87 Pool Account—Designated Oats	351		
1985-86 Pool Account—Designated Oats	707		
1985-86 Pool Account—Designated Barley	2,060		
1984-85 Pool Account—Oats	761		
1984-85 Pool Account—Designated Oats	136		
1984-85 Pool Account—Barley	2,217		
1984-85 Pool Account—Designated Barley	389		
1983-84 Pool Account—Oats	521		
1983-84 Pool Account—Designated Oats	91		
1983-84 Pool Account—Barley	1,514		
1983-84 Pool Account—Designated Barley	269		
		191,119	124,698
		30,126,784	28,483,006

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF ADVANCE PAYMENTS TO PRODUCERS
UNDER THE PRAIRIE GRAIN ADVANCE PAYMENTS ACT
AS AT JULY 31, 1990

EXHIBIT VII

	Cash advances to producers	Advances repaid by producers	Balance to be refunded by producers
	$	$	$
1957-58 Crop Year	35,203,467	35,200,848	2,619
1958-59 Crop Year	34,369,653	34,366,768	2,885
1959-60 Crop Year	38,492,505	38,490,061	2,444
1960-61 Crop Year	63,912,550	63,905,269	7,281
1961-62 Crop Year	16,656,713	16,651,472	5,241
1962-63 Crop Year	29,251,526	29,245,974	5,552
1963-64 Crop Year	62,136,418	62,129,679	6,739
1964-65 Crop Year	32,961,844	32,955,727	6,117
1965-66 Crop Year	40,600,386	40,596,511	3,875
1966-67 Crop Year	36,668,270	36,664,915	3,355
1967-68 Crop Year	47,280,533	47,277,578	2,955
1968-69 Crop Year	151,852,319	151,771,755	80,564
1969-70 Crop Year	272,777,516	272,477,615	299,901
1970-71 Crop Year	91,105,890	91,076,244	29,646
1971-72 Crop Year	68,142,360	68,109,571	32,789
1972-73 Crop Year	20,754,104	20,743,234	10,870
1973-74 Crop Year	35,259,387	35,220,735	38,652
1974-75 Crop Year	46,635,399	46,609,707	25,692
1975-76 Crop Year	20,236,528	20,208,239	28,289
1976-77 Crop Year	130,592,220	130,483,318	108,902
1977-78 Crop Year	119,090,916	118,931,073	159,843
1978-79 Crop Year	151,316,450	151,197,705	118,745
1979-80 Crop Year	99,146,581	99,084,630	61,951
1980-81 Crop Year	61,640,150	61,600,433	39,717
1981-82 Crop Year	333,688,190	333,264,947	423,243
1982-83 Crop Year	309,022,755	308,279,371	743,384
1983-84 Crop Year	286,736,519	286,031,793	704,726
1984-85 Crop Year	201,289,320	200,493,538	795,782
1985-86 Crop Year	340,670,296	339,660,298	1,009,998
1986-87 Crop Year	642,511,850	640,527,019	1,984,831
1987-88 Crop Year	563,607,958	559,015,879	4,592,079
1988-89 Crop Year	319,522,186	312,493,763	7,028,423
1989-90 Crop Year[1]	144,260,874	105,391,639	38,869,235
	4,847,393,633	4,790,157,308	

Balance to be refunded by Producers as at July 31, 1990		57,236,325
Add: bank interest to July 31, 1990 payable by the Government of Canada	174,319,664	
Less: amount paid by the Government to July 31, 1990	174,348,608	(28,944)
Bank interest to July 31, 1990 (1989-90 Crop Year)[1]	5,670,813	
Less: amount paid by Producers to July 31, 1990	2,261,059	3,409,754
		60,617,135
Deduct: balance of funds received		
Government of Canada—To cover advance payments in default	20,428,221	
Line Elevator Companies—To cover advance payments in default	123,823	
Line Elevator Companies—To cover current advances	319,369	
Interest received on default payments	18,781,994	
Less: interest forwarded to the Government of Canada	(18,171,806)	21,481,601
Owing to The Canadian Wheat Board as at July 31, 1990		39,135,534

[1] During the 1989-90 Crop Year, the Producer was required to pay interest on the cash advance. In prior years, the Government of Canada paid all the interest.

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF SPECIAL ACCOUNT TRANSACTIONS
FOR THE YEAR ENDED JULY 31, 1990

EXHIBIT VIII

	$	$
Balance of Special Account as at July 31, 1989		4,272,573
Transfer to Special Account authorized by Order-in-Council P.C. 1990-1536 from the following:		
1982 Wheat Payment Account	1,131,123	
1982 Durum Payment Account	96,038	
1982 Oats Payment Account	1,960	
1982 Designated Oats Payment Account	(1,213)	
1982 Designated Barley Payment Account	(15,724)	1,212,184
		5,484,757

Expenditures

Authorized by Order-in-Council No.	Description of purpose	Unexpended as at July 31, 1989	Authorized Crop Year 1989-90	Unexpended as at July 31, 1990	Expended Crop Year 1989-90	
		$	$	$	$	
P.C.1990-1537	Market Development	206,363	150,000	144,559	211,804	
P.C.1990-1538	Scholarship Program	43,141	306,859	143,359	206,641	
P.C.1990-1539	Canadian International Grains Institute—Capital Expenditures	52,144	600,000	609,654	42,490	
		301,648	1,056,859	897,572		460,935
						5,023,822

Less: payments to producers against old payment accounts	1,185
Balance of Special Account as at July 31, 1990	5,022,637

As at July 31, 1990, there were unexpended authorizations totalling $897,572 leaving an unexpended balance of $4,125,065 in the Account.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS

The Financial Statements of the Canadian Wheat Board including notes thereto for the crop year under review are presented in this section of the report. These statements consist of the Balance Sheet (Exhibit I), which sets forth the financial position of the Board as at July 31, 1990, together with other statements (Exhibits II to VIII) showing the results of Board operations for the year, all as tabulated in the index preceding the financial statements.

The practice of the Board is to include in its accounts, at July 31, the final operating results of pool accounts where marketing operations have been completed before the issuance of the annual report. Operations on the 1989-90 pool accounts for barley and designated barley were completed on September 30, 1990, and on October 19, 1990, for wheat and amber durum wheat. Details of the final operating results of these pool accounts with commentary thereon are presented in this section of the report.

Although the basic measurement for grain has been the "tonne" since February 1, 1978, for your information a tonne equals 36.74371 bushels of wheat or 45.92963 bushels of barley.

Pool account—Wheat

Initial payments

At the beginning of the crop year the Board was authorized to purchase wheat from producers at a fixed initial price of $155.00 per tonne for No. 1 Canada Western Red Spring. Effective January 9, 1990, the initial price for No. 1 Canada Western Red Spring was increased to $165.00 per tonne.

Supplies of wheat

Supplies of wheat in the 1989-90 Pool were 18,401,822 tonnes, comprised of 16,682,883 tonnes delivered by producers, 111,848 tonnes acquired from other than producers, and 1,607,091 tonnes purchased from the previous pool.

Grade pattern

Deliveries of grain to the 1989-90 Pool Account consisted of more lower grades than the previous pool. Deliveries of Nos. 1 and 2 Canada Western Red Spring totaled 11.069 million tonnes or 66.35 per cent of total receipts compared to 86.41 per cent for the previous pool, while No. 3 Canada Western Red Spring receipts of 5.098 million tonnes amounted to 30.56 per cent of total receipts. Deliveries of other types of wheat including Canada Western Feed amounted to .516 million tonnes or 3.09 per cent of total producer deliveries. Deliveries of tough and damp grades were similar to the previous year with approximately 1.02 per cent of producer deliveries grading tough and .09 per cent grading damp.

Final statement of operations and surplus for distribution to producers—Wheat—Table A

Marketing operations on the Pool Account for wheat resulted in an operating surplus of $203,253,274. After providing for producer car rebates of $161,708, allowing for the cost of issuing the final payment and adding estimated interest earnings subsequent to October 19, 1990, the net surplus for distribution to producers amounted to $208,191,710. This net surplus represents an average of $12.480 on producer deliveries of 16,682,883 tonnes. Table B shows the total price realized by producers for No. 1 Canada Western Red Spring at $172.112 compared to $197.136 for the previous pool.

Operating costs

Operating costs incurred applicable to the pool were $130,193,864 or $7.804 per tonne. Details of the principal costs and comment thereon follows:

Carrying charges—$107,119,376

Total carrying charges incurred by the Board, including storage and interest charges on wheat in country elevators and storage on wheat in terminal elevators, amounted to $107,119,376 or $6.421 per tonne.

Bank interest and net interest on other Board accounts—($24,312,632)

This amount consists mainly of bank interest and interest paid to, or received from, other Board accounts. Interest earned exceeded interest paid by $24,312,632 or $1.457 per tonne.

Additional freight—To Terminals—$15,814,413—Freight rate change—$2,389,795

During the crop year the Board paid $15,814,413 of additional freight arising out of the movement of grain in adverse direction to meet sales requirements.

With the passage of the Western Grain Transportation Act on December 31, 1983, freight rates are now reviewed and adjusted annually. On August 1, 1990, freight rates increased by approximately 13 per cent and the Board was required to pay the additional freight on the country stocks held by its agents on August 1, 1990, amounting to $2,389,795 in the Wheat Account.

Drying charges—$76,344

Drying charges for 1989-90 totaled $76,344, an increase from the previous year, reflecting higher quantities of tough and damp grain delivered to the pool under review.

Interest and depreciation on Wheat Board hopper cars—$8,220,815

Costs for the use of the Board's 2,000 hopper cars include depreciation and interest. Hopper car expenses attributable to the 1989-90 Wheat Account totaled $8,220,815 compared to $7,627,680 for the previous pool.

Administrative and general expenses—$20,889,909

This item represents the portion of the cost of operating the Board, including salaries, fringe benefits to employees and the cost of operating the Board's head office premises as well as other branches in Canada and overseas that was charged to the Wheat Account. Since the Pool Accounts run for periods which overlap crop years, some part of the operating costs for two consecutive crop years are allocated to the Pool Accounts based on length of time the Pool Accounts were open and tonnage handled. Charges allocated to the 1989-90 Wheat Account were $20,889,909 or $1.252 per tonne on producer receipts of 16,682,883 tonnes compared with $17,943,259 or $1.262 per tonne on producer receipts of 14,218,367 tonnes for the previous pool.

Administrative and general expenses for the 1989-90 crop year from August 1, 1989, to July 31, 1990, totaled $30,126,784 compared to $28,483,006 for the 1988-89 crop year; an increase of $1,643,778 or 5.77 per cent.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS ON THE 1989-90 POOL ACCOUNT—WHEAT FOR THE PERIOD AUGUST 1, 1989, TO OCTOBER 19, 1990
(with prior year figures for the 1988-89 Pool Account for comparison)

TABLE A

	1989-90 Pool Account		1988-89 Pool Account	
	Amount	Rate per tonne	Amount	Rate per tonne
Receipts from producers	16,682,883 tonnes		14,218,367 tonnes	
	$	$	$	$
Sales value	2,968,728,228	177.950	2,904,265,681	204.262
Initial payments to producers	2,635,281,090	157.963	2,377,546,508	167.217
Gross surplus	333,447,138	19.987	526,719,173	37.045
Deduct Operating Costs				
Carrying charges				
Country elevators	81,947,913	4.912	43,576,178	3.065
Terminal storage	25,171,463	1.509	14,168,229	0.996
Total Carrying Charges	107,119,376	6.421	57,744,407	4.061
Bank interest and net interest on other Board accounts	(24,312,632)	(1.457)	(33,651,756)	(2.367)
Demurrage/Despatch	(66,282)	(0.004)	(3,302,045)	(0.232)
Additional freight—To terminals	15,814,413	0.948	9,266,321	0.652
—Freight rate change	2,389,795	0.143	1,675,231	0.118
Handling and stop-off	62,126	0.004	(19,809)	(0.001)
Drying	76,344	0.004	32,299	0.002
Interest and depreciation on Wheat Board hopper cars	8,220,815	0.493	7,627,680	0.536
Wheat Board administrative expenses	20,889,909	1.252	17,943,259	1.262
Total Operating Costs	130,193,864	7.804	57,315,587	4.031
Surplus on Operations	203,253,274	12.183	469,403,586	33.014
Deduct: interim payment			213,275,507	15.000
	203,253,274	12.183	256,128,079	18.014
Add: interest earned after October 19 (1988-89 September 30)	5,252,584	0.315	11,714,518	0.824
Deduct: cost of issuing final payment (1988-89 including interim payment)	152,440	0.009	332,121	0.024
Deduct: rebate on producer cars	161,708	0.009	119,016	0.008
Balance for Distribution to Producers	208,191,710	12.480	267,391,460	18.806

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

PAYMENTS RECEIVED BY PRODUCERS FOR PRINCIPAL GRADES OF WHEAT BASIS IN STORE THUNDER BAY OR VANCOUVER TABLE B

Grade	Initial payments	Final payments	Total
	(dollars per tonne)		
Red Spring Wheat Grades			
No. 1 Canada Western Red Spring 14.5	169.21	11.932	181.142
No. 1 Canada Western Red Spring 13.5	167.21	9.518	176.728
No. 1 Canada Western Red Spring	165.00	7.112	172.112
No. 2 Canada Western Red Spring 13.5	160.21	11.561	171.771
No. 2 Canada Western Red Spring	159.21	8.874	168.084
No. 3 Canada Western Red Spring	145.21	15.918	161.128
No. 1 Canada Prairie Spring	141.21	19.918	161.128
No. 2 Canada Prairie Spring	139.21	19.918	159.128
No. 1 Canada Western Utility	149.21	13.918	163.128
No. 2 Canada Western Utility	132.21	20.918	153.128
Canada Western Feed	110.00	28.078	138.078
Red Winter Wheat Grades			
No. 1 Canada Western Red Winter	144.21	18.918	163.128
No. 2 Canada Western Red Winter	142.21	18.918	161.128
Soft White Spring Wheat Grades			
No. 1 Canada Western Soft White Spring	155.00	8.424	163.424
No. 2 Canada Western Soft White Spring	152.00	8.424	160.424

Pool account—Amber Durum Wheat

Initial payments

At the beginning of the crop year the Board was authorized to purchase amber durum wheat from producers at a fixed initial price of $150.00 per tonne for No. 1 Canada Western Amber Durum Wheat.

Supplies of Amber Durum Wheat

Supplies of amber durum wheat in the 1989-90 Pool were 3,951,019 tonnes, comprised of 3,498,752 tonnes delivered by producers, 27,482 tonnes acquired from other than producers, and 424,785 tonnes purchased from the previous pool.

Grade pattern

Receipts of Nos. 1, 2 and 3 Canada Western Amber Durum totaled 3.139 million tonnes or 89.73 per cent of total producer deliveries. Approximately .50 per cent of producer deliveries graded tough while .05 per cent graded damp.

Final statement of operations and surplus for distribution to Producers—Amber Durum Wheat—Table C

Table C shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $46,643,070. Operating expenses totaled $27,172,276 for the year or $7.766 per tonne. The principal cost was carrying charges amounting to $21,793,885 or $6.229 per tonne. After allowing for producer car rebates, the cost of issuing the final payment and estimated interest earnings subsequent to October 19, 1990, the net surplus for distribution to producers was $47,793,371. This amount represents an overall average of $13.660 per tonne on producer deliveries of 3,498,752 tonnes. Table D shows the total payments received by producers for the principal grades of amber durum wheat delivered during the crop year. This table shows the total price realized by producers for No. 1 Canada Western Amber Durum Wheat of $163.851 per tonne, compared to $204.482 per tonne for the previous pool.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1989-90 POOL ACCOUNT—AMBER DURUM WHEAT
FOR THE PERIOD AUGUST 1, 1989, TO OCTOBER 19, 1990
(with prior year figures for the 1988-89 Pool Account for comparison)

TABLE C

	1989-90 Pool Account		1988-89 Pool Account	
	Amount	Rate per tonne	Amount	Rate per tonne
Receipts from producers	3,498,752 tonnes		2,254,359 tonnes	
	$	$	$	$
Sales value	576,605,244	164.803	468,270,301	207.718
Initial payments to producers	502,789,898	143.706	420,780,711	186.652
Gross Surplus	73,815,346	21.097	47,489,590	21.066
Deduct Operating Costs				
Carrying charges				
Country elevators	15,557,532	4.447	10,827,316	4.803
Terminal storage	6,236,353	1.782	4,810,372	2.134
Total Carrying Charges	21,793,885	6.229	15,637,688	6.937
Interest	(1,939,580)	(0.554)	1,018,487	0.452
Demurrage/Despatch	(81,889)	(0.023)	(499,446)	(0.221)
Additional freight—To terminals	922,521	0.263	414,599	0.184
—Freight rate change	359,330	0.103	444,893	0.197
Handling and stop-off	335		950	
Drying	1,938		870	
Interest and depreciation on Wheat Board hopper cars	1,724,078	0.493	1,209,389	0.537
Wheat Board administrative expenses	4,391,658	1.255	2,844,951	1.262
Total Operating Costs	27,172,276	7.766	21,072,381	9.348
Surplus on Operations	46,643,070	13.331	26,417,209	11.718
Add: interest earned after October 19 (1988-89 September 30)	1,205,376	0.344	843,053	0.374
Deduct: cost of issuing final payment	40,285	0.011	34,023	0.015
Deduct: rebate on producer cars	14,790	0.004	12,197	0.005
Balance for Distribution to Producers	47,793,371	13.660	27,214,042	12.072

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF AMBER DURUM WHEAT
BASIS IN STORE THUNDER BAY OR
VANCOUVER

TABLE D

Grade	Initial payments	Final payments	Total
	(dollars per tonne)		
Amber Durum Wheat Grades			
No. 1 Canada Western Amber Durum	150.00	13.851	163.851
No. 2 Canada Western Amber Durum	147.00	11.471	158.471
No. 3 Canada Western Amber Durum	143.00	10.371	153.371
No. 4 Canada Western Amber Durum	125.00	18.162	143.162
No. 5 Canada Western Amber Durum	100.00	38.162	138.162

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

Pool account—Barley

Since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling, has been set up in a separate pool under the caption "Designated Barley". As a result, the transactions remaining in the Barley Pool Account described here consist mainly of marketing results related to feeding grades of barley.

Initial payments

At the beginning of the crop year the Board was authorized to purchase barley from producers at fixed initial prices of $85.00 and $82.00 per tonne for Nos. 1 and 2 Canada Western Barley respectively. Effective October 5, 1989, initial prices for Nos. 1 and 2 Canada Western Barley were increased to $100.00 and $97.00 per tonne respectively.

Supplies and grade pattern

Supplies in the regular Feed Barley Pool were 3,552,714 tonnes comprised of 3,067,088 tonnes delivered by producers, 17,436 tonnes acquired from other than producers, and 468,190 tonnes purchased from the previous pool. Deliveries of Nos. 1 and 2 Canada Western Barley comprised 99.81 per cent of the producer deliveries in the pool. Board receipts of tough and damp barley made up 1.60 per cent of deliveries.

Final statement of operations and surplus for distribution to producers—Barley—Table E

Table E shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $73,870,510. Operating expenses totaled $15,234,690 for the year or $4.970 per tonne. The principal cost was carrying charges amounting to $10,753,931 or $3.506 per tonne. After deducting the interim payment of $36,805,057 made to producers in October, 1990, providing for producer car rebates of $41,044, allowing for the cost of issuing the interim and final payments, and estimated interest earnings subsequent to September 30, 1990, the net surplus for distribution to producers was $38,507,294. This amount represents an overall average of $12.555 per tonne on producer deliveries of 3,067,088 tonnes. Table F shows the total payments received by producers for the principal grades of barley delivered during the crop year.

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1989-90 POOL ACCOUNT—BARLEY
FOR THE PERIOD AUGUST 1, 1989, TO SEPTEMBER 30, 1990
(with prior year figures for the 1988-89 Pool Account for comparison)

TABLE E

	1989-90 Pool Account		1988-89 Pool Account	
	Amount	Rate per tonne	Amount	Rate per tonne
Receipts from producers	3,067,088 tonnes		4,035,425 tonnes	
	$	$	$	$
Sales value	394,905,079	128.756	524,616,931	130.003
Initial payments to producers	305,790,879	99.701	483,922,812	119.919
Gross surplus	89,114,200	29.055	40,694,119	10.084
Deduct Operating Costs				
Carrying charges				
Country elevators	9,327,125	3.041	10,930,743	2.709
Terminal storage	1,426,806	0.465	2,425,508	0.601
Total Carrying Charges	10,753,931	3.506	13,356,251	3.310
Interest	(7,600,719)	(2.478)	288,533	0.072
Demurrage/Despatch	1,074,813	0.350	(334,009)	(0.083)
Additional freight—To terminals	5,639,416	1.839	1,755,367	0.435
—Freight rate change	126,040	0.041	1,581,659	0.392
Handling and stop-off	864			
Drying	7,914	0.003	402	
Interest and depreciation on Wheat Board hopper cars	1,511,367	0.493	2,164,871	0.536
Wheat Board administrative expenses	3,730,064	1.216	5,092,615	1.262
Total Operating Costs	15,243,690	4.970	23,905,689	5.924
Surplus on Operations	73,870,510	24.085	16,788,430	4.160
Deduct: interim payment	36,805,057	12.000		
	37,065,453	12.085	16,788,430	4.160
Add: interest earned after September 30	1,611,888	0.525	535,769	0.133
Deduct: cost of issuing interim and final payments (1988-89 final payment only)	129,003	0.042	62,033	0.015
Deduct: rebate on producer cars	41,044	0.013	55,037	0.014
Balance for Distribution to Producers	38,507,294	12.555	17,207,129	4.264

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

TABLE F

Grade	Initial payments	Interim payment	Final payments	Total
	(dollars per tonne)			
Barley Grades				
No. 1 Canada Western	100.00	12.00	12.384	124.384
No. 2 Canada Western	97.00	12.00	14.694	123.694
Mixed Grain Canada Western Barley	87.45	12.00	12.384	111.834

Pool account—Designated Barley

As stated previously, since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling, has been set up in a separate pool account. This account has been labeled "Designated Barley" and the results of operations on this account with comment thereon are contained in this section of the report.

Initial payments

At the beginning of the crop year the Board was authorized to purchase designated barley from producers at a fixed initial price of $105.00 per tonne for Special Select Canada Western Six-Row (Special Select CW 6-Row) and $115.00 per tonne for Special Select Canada Western Two-Row (Special Select CW 2-Row). Effective October 5, 1989, initial prices were increased to $135.00 per tonne for Special Select CW 6-Row and $145.00 for Special Select CW 2-Row. On January 9, 1990, initial prices were increased to $160.00 per tonne for Special Select CW 6-Row and $170.00 for Special Select CW 2-Row.

Supplies and grade pattern

Supplies of barley in the Designated Pool were 843,496 tonnes representing deliveries to the Board by producers during the crop year of barley which has been selected and accepted by purchasers for the use in malting, pot or pearling. Of these receipts 374,437 tonnes or 44.39 per cent were Special Select grades and 388,577 tonnes or 46.07 per cent were Select grades. Receipts of tough and damp grades totaled 9,501 tonnes or 1.13 per cent of total.

Final statement of operations and surplus for distribution to producers—Designated Barley—Table G

Table G shows the operating results of this Pool Account for the crop year. Marketing operations resulted in a surplus of $35,224,748. As to operating costs, it should be noted that the Designated Barley Pool by its very nature does not incur the handling expenses normally related to feeding grades of barley or other grains. It is not stored by the Board, being selected by the processor (buyer) from a producer's sample and is shipped on buyer's call directly from farm to processing plant via the country elevator. As a result, the only expenses attributable to such barley were costs related to hopper cars owned by the Wheat Board and administrative charges totaling $1,441,473 or $1.709 per tonne. These expenses were reduced by interest earnings of $4,087,105 or $4.845 per tonne. After deducting the interim payment of $21,087,398 made to producers in October, 1990, providing for the cost of issuing the interim and final payments, and adding estimated interest earnings subsequent to September 30, 1990, the net surplus for distribution to producers was $14,822,201 or $17.572 per tonne on producer deliveries of 843,496 tonnes. Table H shows the total payments received by producers for the principal grades of designated barley delivered during the crop year.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1989-90 POOL ACCOUNT—DESIGNATED BARLEY
FOR THE PERIOD AUGUST 1, 1989, TO SEPTEMBER 30, 1990
(with prior year figures for the 1988-89 Pool Account for comparison)

TABLE G

	1989-90 Pool Account		1988-89 Pool Account	
	Amount	Rate per tonne	Amount	Rate per tonne
Receipts from producers	843,496 tonnes		1,074,488 tonnes	
	$	$	$	$
Sales value	170,705,524	202.379	231,435,674	215.391
Initial payments to producers	138,126,408	163.755	195,921,451	182.339
Gross Surplus	32,579,116	38.624	35,514,223	33.052
Deduct Operating Costs				
Interest	(4,087,105)	(4.845)	(3,266,267)	(3.040)
Demurrage/Despatch			(48,094)	(0.045)
Interest and depreciation on Wheat Board hopper cars	415,649	0.493	576,427	0.537
Wheat Board administrative expenses	1,025,824	1.216	1,355,979	1.262
Total Operating Costs	(2,645,632)	(3.136)	(1,381,955)	(1.286)
Surplus on Operations	35,224,748	41.760	36,896,178	34.338
Deduct: interim payment	21,087,398	25.000	16,117,320	15.000
	14,137,350	16.760	20,778,858	19.338
Add: interest earned after September 30	709,120	0.841	935,670	0.871
Deduct: cost of issuing interim and final payments	24,269	0.029	29,077	0.027
Balance for Distribution to Producers	14,822,201	17.572	21,685,451	20.182

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF DESIGNATED BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

TABLE H

Grade	Initial payments	Interim payment	Final payments	Total
	(dollars per tonne)			
Designated Barley Grades				
Special Select Canada Western Two-Row	170.00	25.00	15.911	210.911
Special Select Canada Western Six-Row	160.00	25.00	16.411	201.411
Select Canada Western Two-Row	165.00	25.00	18.411	208.411
Select Canada Western Six-Row	155.00	25.00	18.911	198.911

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

NOTES TO FINANCIAL STATEMENTS

The following are an integral part of the financial statements.

1. Accounting policies

(a) Operating results and valuation of stocks of grain

The annual accounts at July 31 include the final operating results of all pool accounts for the crop year ended July 31, where marketing operations have been completed before the issuance of the annual report for that year. In determining the financial results for such pools, the accounts of the Board at July 31 include:

(i) the stocks of such grains on hand at that date at the values which were ultimately received from the sale thereof basis in store Thunder Bay, Vancouver or Churchill; and

(ii) provision for all expenses incurred or to be incurred before the sales proceeds are realized in cash or in bills of exchange, including a charge for the portion of administrative and general expenses to be incurred subsequent to July 31 but relating to the marketing and accounting for the grains in the various pools before they are closed.

For pool accounts for which marketing operations have not been completed before the issuance of the annual report, the unsold stocks at July 31 are valued at cost, which is the initial price paid to producers, and no provision is made for carrying costs, interest, and administrative expenses beyond that date. Any debit or credit balance in these accounts is carried on the balance sheet.

(b) Foreign currency translations

Bills of exchange receivable in United States funds which are covered by forward exchange contracts are translated at the contract rates. In all other cases, bills of exchange receivable and bank loans payable in United States funds are translated at the rate of exchange in effect as at the balance sheet date.

Foreign exchange adjustments arising from conversion of bills of exchange and bank loans are included in operating results.

(c) Depreciation

The rates of depreciation being applied are intended to fully depreciate assets over their expected lives and are as follows:

Hopper cars	30 years
Office building	40 years
Office furniture and equipment	10 years
Automotive equipment	2 years
	(to 1/3 residual value)

(d) Administration and general expenses

Administration and general expenses, except for that portion of such expenses attributable to distributing final payments to producers, are allocated to the various pool account operations to which the services relate on the basis of the relative tonnage. Expenses attributable to final payments are allocated on the basis of the number of producers receiving payments from the various pool accounts.

2. Bills of exchange plus accrued interest

Of the total bills of exchange receivable, $1,981,139,867 (1989—$1,619,309,884) represents the Canadian equivalent of $1,720,187,433 (1989—$1,371,366,772) repayable in United States funds.

The balances receivable arise from sales of grain to Algeria, Brazil, Bangladesh, Egypt, Ethiopia, Haiti, Iraq, Israel, Jamaica, Mexico, Peru, Poland, U.S.S.R. and Zambia. The terms call for payment in full within 36 months or less from time of shipment, except for Brazil, Egypt, Haiti, Jamaica, Mexico, Peru, Poland and Zambia where the Board, together with the Canadian Government, have agreed to reschedule certain receivables beyond their original maturity dates. Terms of such reschedulings call for payment of interest and the rescheduled debt within 15 years. As at July 31, 1990, total reschedulings amounted to $3,323,435,622 including $1,252,017,849 which is the Canadian equivalent of $1,087,104,149 receivable in United States funds.

During the crop year the Board together with the Government of Canada initialed a bilateral rescheduling agreement with Poland, rescheduling over a 15-year period amounts due and not paid, on all prior rescheduling agreements to December 31, 1989, including post maturity interest. This agreement was signed subsequent to the crop year. Under this agreement the amounts which were due to mature in the period January 1, 1990, to March 31, 1991, have also been rescheduled. Seventy per cent of the interest accruing from January 1, 1990, to March 31, 1991, on the amounts due and not paid on all prior rescheduling agreements is included in this rescheduling agreement, with the balance payable on or before March 31, 1991. As at July 31, 1990, the amounts subject to this rescheduling total $944,217,350 which includes the Canadian equivalent of $354,185,997 receivable in United States funds. Of these respective amounts, a total of $758,653,424, which includes the Canadian equivalent of $280,005,290 receivable in United States funds, had matured by July 31, 1990, and had been consolidated in the new rescheduling agreement.

During the crop year, the Board together with the Government of Canada concluded a bilateral rescheduling agreement with Zambia, rescheduling over a 10-year period amounts due and not paid at December 31, 1985, and amounts due and not paid for the period January 1, 1986, to December 31, 1986. The accounts of the Board at July 31, 1990, included $14,668,425 which was subject to this rescheduling.

During the crop year, ending July 31, 1990, the Government of Canada and other creditor nations agreed to a further deferral of certain Zambian obligations that had earlier been rescheduled. The bilateral agreement to reschedule payments due and not paid at June 30, 1990, and falling due in the period July 1, 1990, to December 31, 1991, has yet to be negotiated. The accounts of the Board at July 31, 1990, included $30,426,898 which will be subject to this rescheduling. As at July 31, 1990, of this total, $26,281,757 had already matured and was already subject to this agreement.

THE CANADIAN WHEAT BOARD—*Concluded*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Concluded*

NOTES TO FINANCIAL STATEMENTS—*Concluded*

During the crop year, ending July 31, 1990, the Government of Canada and other creditor nations agreed to a further deferral of certain Jamaican obligations. Principal amounts due and not paid for the period December 1, 1989, to May 31, 1991, are to be rescheduled under this agreement. The accounts of the Board at July 31, 1990, include $1,720,502 which will be subject to this rescheduling. As at July 31, 1990, none of the $1,720,502 had matured.

Subsequent to the year end the Board together with the Government of Canada amended a previous bilateral rescheduling agreement with Haiti. This amendment incorporated into the previous rescheduling agreement amounts due and unpaid at September 30, 1990, resulting from wheat sales occurring in 1985. The accounts of the Board at July 31, 1990, included $5,717,736 which formed the total amount involved in the amended rescheduling agreement.

Credit sales are made within limits established by the Government of Canada which guarantees the Board's borrowings incurred to finance such sales, both as to principal and interest. Because of these guarantees, the Board does not consider itself to be at risk should any of the unpaid amounts prove to be uncollectable; therefore, no provision is made in its accounts with respect to the possibility of debtors defaulting on their obligations.

3. Accounts receivable

Settlement on amounts due on completed sales as at July 31 were received shortly after that date. Sundry accounts receivable consists mainly of freight costs which are recovered on completed sales.

4. Covered hopper cars

The Board purchased 2,000 covered hopper cars in 1979-80 having an original cost of $90,555,623. Of these 2,000 cars, 45 cars have been wrecked and dismantled leaving 1,955 still in the fleet having an original cost of $88,518,121 with accumulated depreciation of $30,983,516 to July 31, 1990. The Board is reimbursed for destroyed cars under an operating agreement with the Canadian National Railway.

5. Liability to banks

Details of liability to banks are as follows:

	July 31	
	1990	1989
	$	$
Ordinary operations		
Funds on deposit	(141,351,592)	(88,352,406)
Loans to finance credit sales	4,648,568,719	3,707,960,437
	4,507,217,127	3,619,608,031

Of the total liability $1,979,709,692 (1989—$1,605,838,592) represents the Canadian equivalent of $1,718,945,638 (1989—$1,359,958,157) repayable in United States funds.

The Board's borrowings are guaranteed by the Government of Canada.

6. Liability to agents for grain purchased from producers

Grain companies, acting in the capacity of agents of the Board, accept deliveries from producers at country elevators and pay the producers on behalf of the Board based on the Board's initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its agents at terminal or mill position. Liability to agents amounting to $551,700,354 (1989—$569,415,254) represents the amount payable by the Board to its agents for 3,734,428 (1989—3,809,559) tonnes of grain on hand at country elevator points and in transit at July 31 for which delivery to and settlement by the Board is to be completed subsequent to year end date.

7. Liability to agents for deferred cash tickets

Grain companies, as agents of the Board, deposit with the Board in trust an amount equal to the deferred cash tickets issued for Board grain. These monies are returned to the grain companies to cover producer-deferred cash tickets maturing predominately during the first days of the following calendar year.

8. Accrued expenses and accounts payable

This item principally comprises accrued carrying charges, storage, interest and transportation charges to July 31, 1990, together with all other unpaid sundry accounts as at the foregoing date. It also includes provisions for all charges relating to the marketing of pool accounts for the period from August 1, 1990, to completion of operations on September 30, 1990, for barley and designated barley, and October 19, 1990, for wheat and amber durum wheat.

9. Special account—Net balance of undistributed payment accounts

In accordance with the provision of Section 30 of the Canadian Wheat Board Act, the Governor in Council may authorize the Board to transfer to a Special Account the unclaimed balances remaining in payment accounts which have been payable to producers for a period of six years or more. In addition to providing for payment of proper claims from producers against these old payment accounts, the Section further provides that these funds shall be used for purposes as the Governor in Council, upon the recommendations of the Board, may deem to be for the benefit of producers.

10. Provision for final payment expenses

This item represents the balance of the Board's reserve for final payment expenses of pool accounts that have been closed. Six years after particular accounts have been closed, the remaining reserves for these pools are transferred to the special account by Order-in-Council.

11. Lease commitments

The Board, as an agent of Her Majesty in Right of Canada, is the lessor of 2,000 covered hopper cars for the Government of Canada. All lease costs are recoverable from the Government and are not a charge to the operations of the Board. Total payments associated with leases in the year ended July 31, 1990, amounting to $15,106,298 (1989—$13,908,244) have been recovered by the Board. Lease terms are for 20 and 25 years.

CAPE BRETON DEVELOPMENT CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

I have audited the balance sheet of Cape Breton Development Corporation as at March 31, 1991 and the statements of equity, income and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Cape Breton Development Corporation Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 31, 1991

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current		
Cash	2,021	3,593
Accounts receivable (Note 3)	39,508	24,438
Inventories		
Coal	27,020	20,299
Operating materials and supplies	15,784	15,797
Prepaid expenses	2,465	77
	86,798	64,204
Capital assets (Note 4)	324,497	411,115
	411,295	475,319

LIABILITIES	1991	1990
Current		
Accounts payable—Trade	17,498	12,736
Accrued wages and vacation pay	12,050	12,868
Accrued charges	1,395	3,387
Employees' deductions	4,947	6,395
Due to Government of Canada		
Working capital advances	31,000	7,037
Other	1,894	3,750
	68,784	46,173
EQUITY		
Equity of Canada	342,511	429,146
	411,295	475,319

Commitments (Note 5).
Contingent liabilities and claims (Note 6).

Approved by the Board:

JOHN TERRY
Director

CLAIR CALLAGHAN
Director

CAPE BRETON DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF EQUITY
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Balance at beginning of year	429,146	448,953
Add (deduct)		
Net mining income (losses) for Parliamentary appropriation (Note 2(a))	125	(9,396)
Parliamentary appropriations		
—In respect of mining losses		
—Vote 36B		
—Current year		9,396
—Prior year		29,693
—In respect of capital expenditures		
—Vote 45 (1990—Vote 35)	31,910	14,874
Amortization and write-down of capital assets (Note 4)	(118,670)	(64,374)
Balance at end of year	342,511	429,146

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Revenue		
Coal sales	211,148	232,906
Less: external selling expense	7,675	8,052
	203,473	224,854
Outside railway revenue	3,428	3,376
Operating revenue	206,901	228,230
Operating expenses		
Wages and salaries	92,832	101,567
Employee benefits	11,536	11,285
Workers' Compensation	15,849	13,539
Materials and supplies	26,034	30,551
Repair materials	14,410	13,194
Electric power	8,513	8,005
Grants in lieu of taxes	3,613	3,844
Royalties	912	987
Hired heavy equipment	6,468	8,150
Other expenses	6,966	6,882
Purchased and capital coal	7,229	8,207
Amortization	66,042	64,374
(Increase) decrease in coal inventory	(6,720)	14,299
Total operating expenses	253,684	284,884
Excess of operating expenses over operating revenue	46,783	56,654
Pensions	15,790	14,805
Pre-retirement leave	2,555	2,562
Early retirement incentive	2,526	1,881
Interest and other income	(1,737)	(2,132)
Write-down of capital assets (Note 4)	52,628	
Mining losses for the year	118,545	73,770
Deduct: amortization and write-down of capital assets not deductible in determining net mining income or losses	118,670	64,374
Net mining income (losses) for Parliamentary appropriation	125	(9,396)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Cash from (for) operating activities		
Net mining income (losses)	125	(9,396)
(Increase) decrease in non-cash operating working capital*	(25,518)	221
	(25,393)	(9,175)
Cash from (for) financing activities		
Payments by Canada		
—In respect of mining losses		39,089
—In respect of capital expenditures	31,910	14,874
—Increase (decrease) in repayable working capital advances	23,963	(33,963)
	55,873	20,000
Cash from (for) investing activities		
Purchase of capital assets	(32,307)	(13,813)
Proceeds from sale of capital assets	255	214
	(32,052)	(13,599)
Decrease in cash	(1,572)	(2,774)
Cash at beginning of year	3,593	6,367
Cash at end of year	2,021	3,593
(Increase) decrease in non-cash operating working capital*		
Accounts receivable	(15,070)	(16,575)
Inventories		
Coal	(6,721)	14,300
Operating materials and supplies	13	7,201
Prepaid expenses	(2,388)	227
Accounts payable—Trade	4,762	4,731
Accrued wages and vacation pay	(818)	963
Accrued charges	(1,992)	148
Employees' deductions	(1,448)	(1,624)
Due to Government of Canada—Other	(1,856)	(9,150)
	(25,518)	221

CAPE BRETON DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and objectives

The Corporation was established in 1967 for the purpose of reorganizing and rehabilitating the coal industry on Cape Breton Island, pursuant to the Cape Breton Development Corporation Act. Its current corporate goal is to be a dependable supplier of quality coal and related energy products by operating a safe, commercially viable corporation which will provide a positive working environment through efficient and effective utilization of human, physical and technical resources.

2. Summary of significant accounting policies

(a) Financing

The Corporation, an agent of Her Majesty, is listed as a Schedule III, Part I, corporation for purposes of the Financial Administration Act. The Corporation receives Parliamentary appropriations for capital expenditure and operating loss purposes. In addition, advances from the Government of Canada are provided for working capital purposes to a limit of $50 million on such terms as may be agreed upon, as provided for in the Cape Breton Development Corporation Act. Parliamentary appropriations are reflected in the Statement of Equity as requisitioned by the Corporation. Treasury Board has indicated that amortization and write-down of capital assets should not be provided in determining mining income or losses for Parliamentary appropriation. Accordingly, the amortization and write-down of capital assets have been eliminated in arriving at this amount.

(b) Inventories

Inventories are valued at the lower of cost and net realizable value.

(c) Capital assets

Capital assets are stated at cost. The Corporation has provided amortization on its capital assets based on their estimated useful lives, using the straight-line method of calculation, as follows:

Lingan Colliery	2-30 years
Prince Colliery	2-30 years
Phalen Colliery	2-30 years
Donkin-Morien Development Project	5-30 years
Devco Railway	5-30 years
Coal Preparation Plant	5-20 years
Other assets	5-20 years

(d) Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at the rate of exchange prevailing on the transaction date. The resulting foreign currency translation gains and losses are included in the results of operations.

(e) Pensions

Pension expense each year is comprised of a current and a past service cost. The past service cost, which represents an allocation of the unfunded obligation, is being amortized at the rate it is being funded. The Corporation is of the opinion that this is the most appropriate method since it provides for a systematic manner of amortization which conforms to the Corporation's overall funding by the Government of Canada.

(f) Workers' compensation

In accordance with the Government Employees' Compensation Act, the Corporation reimburses Labour Canada for current payments for workers' compensation billed by the Workers' Compensation Board of the Province of Nova Scotia.

3. Accounts receivable

	1991	1990
	(in thousands of dollars)	
Trade	28,416	23,948
Employees	282	845
Government of Canada—In respect of capital expenditures	10,910	
	39,608	24,793
Less: allowance for doubtful accounts	100	355
	39,508	24,438

4. Capital assets

	1991			1990
	Acquisition cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Lingan Colliery	185,001	166,746	18,255	44,394
Prince Colliery	121,478	69,424	52,054	51,418
Phalen Colliery	217,388	73,028	144,360	154,821
Donkin-Morien Development Project	80,679	80,679		40,731
Coal Preparation Plant	100,719	49,980	50,739	44,194
Devco Railway	80,248	36,088	44,160	46,345
Other assets	42,481	27,552	14,929	29,212
	827,994	503,497	324,497	411,115

The Donkin-Morien Development Project, with a net book value of $27,530,694 has been written out of the capital assets of the Corporation as of March 31, 1991, due to poor market prospects. This asset had cumulative costs of $80,678,573, with corresponding accumulated amortization of $53,147,879 as of that date.

The capital asset value of Lingan Colliery has been written down by $25,096,956 as of March 31, 1991 to more appropriately reflect its value based on the conversion from an advance longwall to a pillarless retreat longwall operation. Those areas of the Colliery affected by this write-down had an acquisition cost of $159,326,259 with accumulated amortization to March 31, 1991 of $134,229,303.

5. Commitments

(a) Commitments on capital projects include the following:

Approximately $1,440,000 for underground mining equipment

Approximately $510,000 for other facilities

CAPE BRETON DEVELOPMENT CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

(b) The Corporation leases the General Mining Building which houses its administrative offices. The lease is for a 20 year period which commenced June, 1984. The annual lease payments fluctuate with changes in the lessor's mortgage interest rates. Current lease payments are $1,370,000 per annum at an interest rate of 11.75%.

6. Contingent liabilities and claims

(a) Legal matters

The Corporation is subject to a claim and several actions totaling approximately $3,300,000. The Corporation intends to oppose these matters in their entirety.

(b) Insurance

The Corporation self insures against the potential loss of underground assets and for a portion of its liability insurance.

(c) Environmental considerations

The Corporation is subject to regulations that may require it to incur future costs related to environmental issues. We are unable at this time to determine the amount of any future costs. Any such costs will be accounted for in the period incurred.

7. Long-term agreement

The Corporation has signed an agreement with the Nova Scotia Power Corporation which calls for the delivery of a substantial portion of the Corporation's coal production to the Nova Scotia Power Corporation. The agreement expires in the year 2010.

8. Pensions

An actuarial valuation of the Corporation's Non-Contributory Pension Plan, a defined benefit plan, as at December 31, 1990, indicated an unfunded actuarial liability of $116,591,000 (assets of $108,532,000 and liabilities of $225,123,000). The Corporation has made provision in its annual operating plan for past and current service pension costs in amounts equal to anticipated pension payments under this plan. The Corporation expensed pension payments of $15,790,000 for the year ended March 31, 1991.

An actuarial valuation of the Corporation's Contributory Pension Plan, a defined benefit plan, as at December 31, 1990, indicated a final surplus of $3,480,000 (assets of $25,757,000 and liabilities of $22,277,000). Required Corporation payments in respect of current service costs are funded each year and amounted to approximately $806,000 expensed for the year ended March 31, 1991.

9. Income taxes

The Corporation is subject to the provisions of the Income Tax Act.

During the previous year the Corporation was reassessed by Revenue Canada, Taxation for the years 1983-1989. The reassessment treats funding provided by the Government of Canada as government assistance for operating and capital purposes. It is the Corporation's intention to oppose this position to the fullest. The outcome of this matter is not determinable at this time and therefore no adjustment has been reflected in these financial statements.

DEFENCE CONSTRUCTION (1951) LIMITED

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Defence Construction (1951) Limited as at March 31, 1991 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Defence Production Act and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 24, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash (Note 7(b))	1,811,258	1,367,044
Accounts receivable	184,645	380,831
Other	19,152	56,266
	2,015,055	1,804,141
Fixed assets		
Furniture and equipment, at cost	1,716,841	1,608,981
Less: accumulated amortization	1,287,914	1,147,535
	428,927	461,446
	2,443,982	2,265,587

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	2,215,866	997,801
Due to Department of National Defence (Note 3)	141,145	1,028,762
Contractors' security deposits	42,980	215,859
	2,399,991	2,242,422
Provision for employee benefits (Note 4)	2,472,855	2,935,121
	4,872,846	5,177,543
CAPITAL STOCK AND DEFICIT		
Capital stock		
Authorized—1,000 shares of no par value		
Issued—31 shares	31	31
Deficit (Note 5)	(2,428,895)	(2,911,987)
	(2,428,864)	(2,911,956)
	2,443,982	2,265,587

Contingencies (Note 7).

Approved by the Board:

JOHN W WOODS
Director

J. ADAMS
Director

DEFENCE CONSTRUCTION (1951) LIMITED—*Continued*

STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Expenses		
Salaries	10,838,073	10,045,465
Employee benefits	1,323,419	1,860,179
Travel and removal	1,121,115	992,001
Office accommodation	417,780	372,303
Office supplies and maintenance	416,410	312,096
Telephone	390,012	387,341
Professional services	322,173	127,466
Postage, express and freight	255,936	254,855
Amortization	251,637	177,013
Training and professional development	219,468	326,282
Advertising	158,689	332,438
Rental of machinery	119,947	132,327
Other	87,288	69,768
	15,921,947	15,389,534
Cost recoveries		
Department of National Defence	15,529,813	14,332,418
Others	875,226	930,900
	16,405,039	15,263,318
Excess of expenses over cost recoveries (cost recoveries over expenses)	(483,092)	126,216
Deficit at beginning of the year	2,911,987	2,785,771
Deficit at end of the year	2,428,895	2,911,987

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Excess of cost recoveries over expenses (expenses over cost recoveries)	483,092	(126,216)
Items not requiring cash		
Provision for employee benefits	(155,645)	439,364
Amortization	251,637	177,013
Net decrease in non-cash working capital balances related to operations*	390,869	1,052,646
Cash provided by (used in) operations	969,953	1,542,807
Employee benefits paid	(306,621)	(134,308)
Cash provided by (used in) operations activities	663,332	1,408,499
Investing activities		
Acquisition of furniture and equipment	(219,118)	(397,134)
Increase in cash during the year	444,214	1,011,365
Cash at beginning of the year	1,367,044	355,679
Cash at end of the year	1,811,258	1,367,044

* Consisting of changes in receivables, other assets, accounts payable and accrued liabilities, due to Department of National Defence, and contractors' security deposits.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and objective

Defense Construction (1951) Limited was incorporated under the Canada Corporations Act in 1951 and was continued under the Canada Business Corporations Act, pursuant to the authority of the Defence Production Act. The objective of the corporation is to contract for major military construction and maintenance projects required by the Department of National Defence. The corporation is an agent Crown corporation named in Part I of Schedule III to the Financial Administration Act. The corporation is not subject to income taxes.

2. Significant accounting policies

Expenses

The accounts of the corporation reflect only the administrative expenses incurred in procuring the construction and maintenance of defence projects on behalf of the Department of National Defence and in procuring the construction of such other projects as are approved by Treasury Board.

Furniture and equipment

Furniture and equipment are recorded at cost and are amortized on a straight-line basis over five years.

Employee termination benefits

Employees are entitled to specified termination benefits calculated at salary levels in effect at the time of separation as provided for by conditions of employment. The liability for these benefits is recorded as the benefits accrue to employees.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The corporation's contributions to the plan are limited to an amount equal to the employees' contributions on account of current and certain past service. These contributions represent the total pension obligations of the corporation and are charged to income on a current basis.

Services provided without charge

The Department of National Defence provided office space free of charge for employees of the corporation.

3. Due to Department of National Defence

The cost of operations is recovered through the Department of National Defence to the extent of net cash requirement, and any excess of cash advances is refunded at year end. As at March 31, 1991, the net balance due to Department of National Defence was $141,145 (1990—$1,028,762).

4. Provision for employee benefits

	1991	1990
	$	$
Termination benefits	2,426,467	2,616,205
Life insurance	46,388	64,484
Compensation benefits	384,967	692,744
	2,857,822	3,373,433
Less: current portion	384,967	438,312
	2,472,855	2,935,121

DEFENCE CONSTRUCTION (1951) LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

5. Deficit

The deficit of the corporation is comprised of the difference between the provision for employee benefits, which will be funded in future years as they are paid, and the net book value of capital assets.

	1991	1990
	$	$
Deficit, beginning of the year	2,911,987	2,785,771
Increase (decrease) in provision for employee benefits	(515,611)	346,337
Decrease (increase) in net book value of capital assets	32,519	(220,121)
Deficit, end of the year	2,428,895	2,911,987
Composed of:		
Provision for employee benefits (Note 4)	2,857,822	3,373,433
Net book value of capital assets	(428,927)	(461,446)
	2,428,895	2,911,987

6. Lease commitments

The corporation leases certain equipment and accommodation in the performance of its operations. These arrangements include occupancy agreements expiring at various dates for office accommodation. The future minimum lease payments are:

Year ending March 31	$
1992	235,758
1993	128,855
1994	112,855
1995	83,575
1996	13,417
	574,460

7. Contingencies

(a) Claims aggregating approximately $5,294,000 in respect of contractual obligations have been received by the corporation, but are not reflected in the accounts. In the opinion of management and legal counsel, the position of the corporation is defensible. However, the final outcome of such claims is not determinable. Any settlements resulting from the resolution of these claims will be funded through the Department of National Defence, in the year in which the settlements occur.

(b) Included in the cash balance as at March 31, 1991 is an amount of $350,000 subject to restricted use which serves as security against the potential risk of environmental damage with respect to a project.

ENTERPRISE CAPE BRETON CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Enterprise Cape Breton Corporation and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements include some amounts, such as the allowances for doubtful loans and interest, that are necessarily based on management's estimates and judgement.

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles consistently applied. Financial information presented elsewhere in the annual report is consistent with that contained in the consolidated financial statements.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. In addition, the Audit Committee of the Board oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The independent auditor, the Auditor General of Canada, is responsible for auditing the consolidated financial statements and for issuing his report thereon.

AUDITOR'S REPORT

TO THE MINISTER FOR THE PURPOSES OF THE ATLANTIC CANADA OPPORTUNITIES AGENCY ACT

I have audited the consolidated balance sheet of the Enterprise Cape Breton Corporation as at March 31, 1991, and the consolidated statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Enterprise Cape Breton Corporation Act and the by-laws of the Corporation and its wholly-owned subsidiaries.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa Canada
May 27, 1991

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Cash and short-term investments	1,097,183	1,021,017
Accounts receivable (net of allowance of $3,965; 1990: $122,242) (Note 11)	503,768	470,385
Interest receivable (net of allowance of $321,843; 1990: $582,997) (Note 3)	55,937	193,306
Receivable—Government of Canada	1,160,000	1,800,000
Inventories	62,396	114,464
Prepaid expenses	200,445	62,735
	3,079,729	3,661,907
Loans (Notes 3 and 4)	2,608,653	4,598,985
Investments (net of allowance of $1,600,000; 1990: $1,350,000)	330,000	600,000
Capital assets (Note 5)	12,656,898	16,797,346
	18,675,280	25,658,238

LIABILITIES	1991	1990
	$	$
Accounts payable and accrued liabilities	1,957,031	3,165,964
EQUITY		
Equity of Canada	16,718,249	22,492,274
	18,675,280	25,658,238

Guarantees (Note 9)
Commitments (Note 10)
Related party transactions (Note 11)

Approved by the Board:

HUGH TWEEDIE
Director

BARRY MARTIN
Director

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF EQUITY FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Equity at beginning of the year	22,492,274	31,996,356
Parliamentary appropriation (Note 6(a))	10,560,000	7,300,000
Net proceeds on sale of assets remitted to the Consolidated Revenue Fund (Note 6(b))	(1,050,000)	
	32,002,274	39,296,356
Net operating expenses for the year	15,284,025	16,804,082
Equity at end of the year	16,718,249	22,492,274

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Development expenses		
New business development assistance	6,800,408	5,228,790
General development assistance	623,889	731,061
Provision for doubtful loans (net of recoveries $232,169; 1990: $177,750)	1,661,204	2,413,766
Provision for doubtful interest (net of recoveries $145,945; 1990: $37,461)	145,680	103,023
Provision for doubtful investments	1,700,000	1,300,000
	10,931,181	9,776,640
Operating expenses of Corporate-owned facilities		
Rental	1,500,202	1,775,893
Tourist	311,075	1,113,457
Amortization	2,619,591	2,564,769
	4,430,868	5,454,119
Administrative expenses (Note 7)	1,708,620	1,390,817
Transition costs		362,047
Communications	119,633	101,133
Provision for loss on disposal of assets	421,497	2,799,200
	2,249,750	4,653,197
Total operating expenses	17,611,799	19,883,956
Income from Corporate-owned facilities		
Rental	1,443,681	1,835,121
Tourist	273,875	1,130,619
	1,717,556	2,965,740
Interest income		
Loans	357,669	721,113
Other	252,549	393,021
Total operating income	2,327,774	4,079,874
Net operating expenses before extraordinary item	15,284,025	15,804,082
Extraordinary item		
Provision for environmental clean-up (Note 8)		1,000,000
Net operating expenses	15,284,025	16,804,082

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Financing activities		
Parliamentary appropriation	10,560,000	7,300,000
Change in receivable—Government of Canada	640,000	(1,180,000)
Cash provided by financing activities	11,200,000	6,120,000
Operating activities		
Net operating expenses for the year before extraordinary items	(15,284,025)	(15,804,082)
Charges not affecting cash		
Amortization	2,619,591	2,564,769
Loan forgiveness	1,017,925	27,631
Provision for doubtful loans and interest	1,750,039	2,302,731
Provision for doubtful investments	1,700,000	1,300,000
Provision for loss on disposal of assets	421,497	1,849,200
Extraordinary Item		
Provision for environmental clean-up		(1,000,000)
	(7,774,973)	(8,759,751)
Decrease (increase) in non-cash operating working capital*	(1,190,589)	2,196,569
Cash used in operating activities	(8,965,562)	(6,563,182)
Investing activities		
Loan advances	(1,875,055)	(309,529)
Loan repayments	1,097,423	2,535,378
Purchase of capital assets	(1,285,822)	(2,296,586)
Proceeds from sale of capital assets	2,385,182	1,073,763
Net proceeds returned to Consolidated Revenue Fund	(1,050,000)	
Purchase of investments	(1,430,000)	(1,600,000)
Cash used in investing activities	(2,158,272)	(596,974)
Increase (decrease) in cash and short-term investments	76,166	(1,040,156)
Cash and short-term investments at beginning of the year	1,021,017	2,061,173
Cash and short-term investments at end of the year	1,097,183	1,021,017
*Decrease (increase) in non-cash operating working capital		
Accounts receivable	(33,383)	165,816
Interest receivable	137,369	174,802
Inventories	52,068	129,009
Prepaid expenses	(137,710)	8,452
Accounts payable and accrued liabilities	(1,208,933)	1,718,490
	(1,190,589)	2,196,569

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991

1. The Corporation

(a) Authority and objectives

Enterprise Cape Breton Corporation (ECBC) was established pursuant to the Enterprise Cape Breton Corporation Act (Part II of the Government Organization Act, Atlantic Canada, 1987) which was proclaimed on December 1, 1988. The Corporation is an agent Crown corporation listed in Schedule III, Part I of the Financial Administration Act and is not subject to the provisions of the Income Tax Act. Its objects, as stated in its enabling legislation are:

to promote and assist either alone or in conjunction with any person or the Government of Canada or of Nova Scotia or any agency of either of those governments, the financing and development of industry on the Island of Cape Breton to provide employment outside the coal producing industry and to broaden the base of the economy of the Island.

2. Significant accounting policies

(a) Parliamentary appropriation

Parliamentary appropriation is recorded on the accrual basis with drawdowns based on cash requirements.

(b) Basis of consolidation

(i) The financial statements of Enterprise Cape Breton Corporation include the results of the Corporation and all its subsidiaries as outlined below.

	Corporation interest	Period ended
Darr (Cape Breton) Limited	100%	December 31
Whale Cove Summer Village Limited	62.5%	March 31

(ii) The financial statements of Darr (Cape Breton) Limited are based on the assumption that the company can continue to operate as a going concern, which assumption depends on the continued financial support of its parent.

(iii) As the financial statements of Whale Cove Summer Village Limited report a deficit equity position as at March 31, 1991, and the minority interest in losses to date have been absorbed against the total of the minority invested capital, all losses of this company are included in the consolidated net operating expenses. As a consequence, no minority interest for this subsidiary is shown in the consolidated balance sheet.

(c) Loans

Loans are recorded at the lower of cost and estimated net realizable value. Certain loans may include interest which has been capitalized as principal due to the restructuring of the terms of the loan contract.

(d) Allowances for doubtful and forgivable loans

The allowance for doubtful loans represents management's estimate of probable losses on specific loans outstanding at the end of the year. The allowance is based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including the period of delinquency, market conditions, financial viability of the business and managerial capabilities. A general provision is included to account for any unexpected delinquencies that may occur throughout the year based on past experience. Management has estimated the effect of these risks and uncertainties when determining the allowance for doubtful loans. Doubtful loans may be reinstated to an accrual status when, in management's opinion, the ultimate collectibility of principal and interest is reasonably assured.

Certain loans are subject to terms of forgiveness as stipulated in the loan contract. The amount eligible for forgiveness is charged to operations when eligibility conditions are met.

Actual loan losses are charged to operations while recoveries are credited. Adjustments of the allowances for doubtful and forgivable loans to the level regarded by management as being appropriate are charged to operations.

(e) Investments

The Corporation has preferred equity holdings as well as partnership interests. These investments are subject to restrictive terms of agreement and are shown at cost net of allowance for doubtful investments.

(f) Interest income

Interest income is recorded on the accrual basis until such time as management determines that a loan should be classified as doubtful. When a loan is classified as doubtful, uncollected interest for the current year and previous years is charged to the provision for doubtful loans and interest.

Interest payments subsequently received on doubtful loans are recorded as interest income on a cash basis.

(g) Capital assets

Capital assets are recorded at lower of cost less accumulated amortization and net realizable value. Amortization is provided over the estimated useful lives of the capital assets using the straight-line method at the rates indicated below:

Buildings	up to 25 years
Equipment and furniture	4 to 10 years
Computer equipment and software	5 years
Leasehold improvements	up to 20 years
Vehicles	3 to 4 years

(h) Pension plan

All eligible employees participate only in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required equally from the employees and the Corporation. These contributions are expensed during the period in which the services are rendered and represent the total pension obligations of the Corporation.

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

3. Loans

An analysis of the loan balance outstanding at March 31 is as follows:

Annual interest rate	1991	1990
	$	$
0 %	1,138,524	1,257,440
Less than 8 %	382,740	504,346
8 - 9.95 %	4,169,917	4,824,813
10 - 11.88 %	3,639,360	2,682,176
12 % and over	71,607	392,628
	9,402,148	9,661,403
Less: Allowance for doubtful loans (Note 4)	5,089,782	4,790,089
Allowance for forgivable loans	1,703,713	272,329
	2,608,653	4,598,985

Amounts due by fiscal year based on loan terms are as follows:

	1991	1990
	$	$
Principal past due	3,456,740	739,327
1991		992,708
1992	965,459	633,272
1993	900,928	541,382
1994	1,252,017	495,770
1995	776,825	401,438
1996 and beyond	2,050,179	5,857,506
	9,402,148	9,661,403
Interest receivable—		
Current	139,006	391,826
Arrears	238,774	384,477
	377,780	776,303
Less: Allowance for doubtful interest	321,843	582,997
	55,937	193,306

4. Allowance for doubtful loans

	1991	1990
	$	$
Balance at beginning of the year	4,790,089	3,200,489
Write-offs and recoveries	(758,621)	(1,001,174)
Provision for doubtful loans—		
Current year lending	1,985,338	2,227,734
General provision		380,000
Reductions due to restructuring and reinstatements to accrual status	(38,554)	(16,960)
Transferred to forgiveness	(888,470)	
Balance at end of the year	5,089,782	4,790,089

The balance comprises 30 loans (1990—45) classified as doubtful.

5. Capital assets

	1991			1990
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land for development	732,441	200,000	532,441	509,096
Equipment, furniture, leaseholds	757,682	477,372	280,310	451,784
Rental facilities	24,366,170	12,987,514	11,378,656	12,992,578
Tourist facilities	595,177	450,253	144,924	2,157,283
Agriculture and forestry facilities	1,110,317	789,750	320,567	686,605
	27,561,787	14,904,889	12,656,898	16,797,346

The categories of rental, tourist, and agriculture and forestry facilities shown above each include land, buildings and equipment.

ENTERPRISE CAPE BRETON CORPORATION—*Concluded*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

6. Funding from Government of Canada

(a) The Government of Canada approved a parliamentary appropriation in the amount of $10,600,000 and the Corporation utilized $10,560,000, the result of a $40,000 expenditure reduction determined by the Priorities and Planning Committee of Cabinet.

(b) The Governor in Council empowered the Corporation to sell the assets of its subsidiary Dundee Estates Limited. The Treasury Board instructed that the net proceeds of the sale be remitted to the Consolidated Revenue Fund.

7. Administrative expenses

	1991	1990
	$	$
Salaries and employee benefits	894,253	679,723
Office and miscellaneous	562,286	602,831
Professional fees	209,961	51,097
Travel	42,120	57,166
	1,708,620	1,390,817

8. Provision for environmental clean-up

During 1989-90, the Corporation discovered contaminated land in Sydport Industrial Park formerly occupied by a tenant involved in the reclamation of scrap metal. Management undertook to contain the contamination and commenced a controlled clean-up operation. An estimate $1,000,000 for costs to be incurred during this process had been recorded in the accounts at March 31, 1990. The balance in the accounts at March 31, 1991 is $380,000, which in management's opinion, based on available technical information, is sufficient to complete the clean up.

9. Guarantees

During 1976, the Industrial Development Division of the Cape Breton Development Corporation guaranteed the repayment by Sydney Steel Corporation of that Corporation's $70,000,000 11 1/4% Series D Debentures and the repayment of interest thereon. These funds were borrowed by Sydney Steel Corporation for the purpose of financing its plant rehabilitation program. The balance of the outstanding debentures has since been reduced to $22,610,000.

As successor to the Industrial Development Division of the Cape Breton Development Corporation, the Corporation assumed these guarantees, which were made for and on behalf of Her Majesty the Queen in right of Canada; therefore, any amounts required to be paid as a result of these guarantees shall be paid out of the Consolidated Revenue Fund of Canada.

10. Commitments

(a) As at March 31 the Corporation had outstanding commitments as follows:

	1991	1990
	$	$
Development assistance	2,010,476	2,737,571
Capital expenditures	44,224	448,655
Loans	331,457	414,541
	2,386,157	3,600,767

(b) Future minimum payments by fiscal year on operating leases for premises, with initial non-cancellable lease terms in excess of one year, are as follows:

	$
1992	252,954
1993	59,414
1994	41,820
	354,188

11. Related party transactions

The Corporation had transactions with the Atlantic Canada Opportunities Agency during the year in respect of salaries, professional services and other expenses totalling $210,150 (1990—$144,355). The amount included in accounts receivable was $210,150 (1990—$144,355).

12. Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

EXPORT DEVELOPMENT CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by management in accordance with accounting principles generally accepted in Canada, consistently applied, which conform in all material respects with international accounting standards. The integrity and objectivity of the data in these financial statements are management's responsibility. The financial statements include some amounts, such as the allowance for losses on loans, that are necessarily based on management's best estimates and judgement.

The Corporation's view on the valuation of its sovereign loan assets is and always has been that they are ultimately collectible, although indefinite delays in repayment of principal and interest may have to be accepted. This policy is stated in Note 2 of the financial statements as are the two exceptions to this policy, which are "outright repudiation" or "the write-off of asset value agreed to by creditors". The Corporation's financial statements have been prepared on this basis, consistent with prior years. The asset and allowance amounts have been concurred with by the Auditor General of Canada in providing an unqualified opinion for 1990.

During 1989-90, the Government of Canada adopted the view that the evolution of the international debt strategy could potentially lead to concerted multilateral agreement to provide debt or debt service reduction by creditor governments and decided to establish allowances against such a contingency, which is now reflected in the Public Accounts of Canada. When the Auditor General of Canada issued an unqualified audit opinion on the Public Accounts for 1989-90, he concurred that these allowances were sufficient to provide for all the obligations of Canada including those arising from its undertaking to EDC whose assets could be affected by this debt strategy.

In the event the Government of Canada participates in such debt or debt service reduction activities and, consistent with the second exception to EDC's policy on the ultimate collectibility of sovereign debt, EDC has received an undertaking from the Government of Canada that it would compensate EDC fully for any financial consequences to EDC arising from its decisions.

These policies and the undertaking by the Government of Canada are detailed in Note 2 to the financial statements and the results of these policies and the undertaking are shown in Note 7.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board, which is composed of Directors who are not employees of the Corporation. The Audit Committee meets with management, the internal auditors and the Auditor General of Canada on a regular basis.

The Board of Directors of EDC is responsible for all business undertaken by the Corporation. Contracts which, in the opinion of the Board of Directors, involve risks for a term or an amount in excess of that which the Corporation would normally undertake, may be entered into under the authority of the Governor General in Council where the Minister considers them to be in the national interest. The Board of Directors has the predominant role in the management of this program and is solely responsible for its administration. Funds required for such contracts are paid to the Corporation by Canada, and funds recovered are remitted to Canada, net of amounts withheld to cover related administrative expenses. The administration of accounts on behalf of Canada is shown in Note 17 to the Corporation's financial statements.

The Auditor General of Canada conducts an independent examination, in accordance with generally accepted auditing standards, and expresses his opinion on the financial statements. His report is presented on the following page.

R.L. Richardson
President and Chief Executive Officer

M.D.J. Bakker
Senior Vice-President Finance and Treasurer

EXPORT DEVELOPMENT CORPORATION—*Continued*

AUDITOR'S REPORT

TO THE MINISTER FOR INTERNATIONAL TRADE

I have audited the balance sheet of the Export Development Corporation as at December 31, 1990 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Export Development Act and the by-laws of the Corporation.

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada
February 27, 1991

EXPORT DEVELOPMENT CORPORATION—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Cash and marketable securities		
Cash and short-term deposits	1,127,369	1,175,647
Marketable securities at lower of cost or market (Market value: 1990—$165,540 1989—$182,768)	165,427	176,670
Accrued interest	17,907	23,637
	1,310,703	1,375,954
Loans receivable (Notes 2, 3, 4, 5 and 6)		
Long-term	5,074,395	4,585,653
Current portion of long-term	903,502	812,391
	5,977,897	5,398,044
Accrued interest and fees	123,182	131,527
	6,101,079	5,529,571
Less: allowance for losses on loans (Note 7)	409,513	375,951
	5,691,566	5,153,620
Other		
Recoverable insurance claims (Note 11)	8,318	5,127
Unamortized debt discount and issue expenses and other assets	29,608	32,089
	37,926	37,216
	7,040,195	6,566,790

LIABILITIES	1990	1989
Loans payable (Note 12)		
Short-term	2,195,813	1,975,056
Current portion of long-term	708,925	848,376
	2,904,738	2,823,432
Long-term	2,950,430	2,649,095
	5,855,168	5,472,527
Accrued interest	179,702	172,423
	6,034,870	5,644,950
Other liabilities and deferred revenues		
Accounts payable	17,700	24,204
Deferred insurance premiums	11,120	9,773
Allowance for claims on insurance and guarantees (Note 10)	46,617	48,659
Deferred loan revenues and other credits	143,750	134,369
	219,187	217,005
SHAREHOLDER'S EQUITY		
Share capital (Note 13)	772,000	697,000
Retained earnings	14,138	7,835
	786,138	704,835
	7,040,195	6,566,790

Undertakings from the Government of Canada on loans receivable (Note 2)
Commitments and contingent liabilities (Notes 8 and 9)

Approved by the Board of Directors:

M. D. J. BAKKER
Chief Financial Officer

CHARLES DIAMOND
Director

R. L. RICHARDSON
Director

EXPORT DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Loans and guarantees		
Interest earned	463,325	479,012
Fees earned	39,466	34,394
	502,791	513,406
Provision for losses on loans	(77,589)	(271,275)
	425,202	242,131
Insurance and guarantees		
Premiums and fees earned	26,613	25,543
Provision for claims	(18,424)	(12,115)
	8,189	13,428
Investment interest earned	112,919	90,913
Earnings net of provisions	546,310	346,472
Interest expense		
Long-term	313,431	345,002
Short-term	187,211	162,355
	500,642	507,357
Income (loss) from operations	45,668	(160,885)
Administrative expenses	39,365	37,950
Net income (loss)	6,303	(198,835)
Retained earnings		
Beginning of year	7,835	106,670
Add: transfer from reserve for contingencies		100,000
End of year	14,138	7,835

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Operations		
Statement of income		
Net income (loss)	6,303	(198,835)
Items not affecting cash		
Provision for losses on loans	77,589	271,275
Provision for claims	18,424	12,115
Accrued interest and fees	22,116	36,321
Other changes	(21,811)	13,450
	102,621	134,326
Assets and liabilities		
Loans receivable disbursed	(1,394,594)	(853,641)
Loans receivable repaid	851,310	760,610
Items not affecting cash		
Net increase (decrease) in deferred revenue	10,621	(13,746)
Interest rescheduled	(24,856)	(68,452)
Loan interest reversed	(43,978)	(57,475)
	(601,497)	(232,704)
Cash used in operations	(498,876)	(98,378)
Treasury		
Issue of long-term debt	1,007,885	741,605
Repayment of long-term debt	(860,215)	(523,777)
Increase in short-term loans	178,352	152,315
Issue of share capital	75,000	
Cash provided from financing	401,022	370,143
(Decrease) increase in cash and marketable securities	(97,854)	271,765
Foreign exchange on opening balance of cash	38,333	(27,199)
Cash and marketable securities		
Beginning of year	1,352,317	1,107,751
End of year	1,292,796	1,352,317

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990

1. Act of incorporation and corporate mandate

Export Development Corporation ("The Corporation") was established on October 1, 1969 by the Export Development Act ("The Act"), a statute of the Parliament of Canada. The Corporation was created as an agent of Her Majesty in right of Canada for the purpose of facilitating and developing trade between Canada and other countries, by the provision of loans, guarantees and insurance. The Corporation is accountable for its affairs to Parliament through the Minister for International Trade.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with accounting principles generally accepted in Canada, consistently applied, and conform in all material respects with international accounting standards. A summary of significant accounting policies follows:

Loans receivable and undertakings from the Government of Canada

Loans receivable, mainly to sovereign entities, are stated in the Canadian dollar equivalent of the original amounts disbursed and include where applicable interest capitalized as part of the rescheduling or restructuring process of loans with payment difficulties.

As an export credit agency and an agent of Her Majesty in right of Canada, the Corporation benefits from Canada's membership in the Paris Club, an international group, formed to deal on a multilateral basis with payment difficulties experienced by sovereign entities. Through the auspices of this Club and with subsequent negotiation, rescheduling agreements are arranged coupled with the implementation of International Monetary Fund disciplines to alleviate these payment problems.

It is management's opinion, based on the Corporation's experience, that except in the rare instance of outright repudiation or the write-off of asset value agreed to by creditors, the ultimate collectibility of a sovereign obligation is not subject to question although indefinite delays in repayment of principal and interest may have to be accepted. This opinion is also shared by the Government of Canada.

The Government of Canada is, however, of the view that the evolution of the international debt strategy could lead to concerted multilateral agreement to provide debt and debt service reduction by creditor governments in order to facilitate approved economic adjustment programs by certain debtor countries. The Government of Canada has undertaken to compensate the Corporation fully for any financial consequences arising from the Government's participation in multilateral activities to provide debt and debt service reduction.

Loan interest and fees earned

Interest is accrued on principal receivable until such time as the loan becomes non-performing. Non-performing is defined as any loan where significant payments have not been received for a period of one hundred and eighty days.

Loan fees are taken into income over the disbursement and repayment periods of a loan.

Non-current loans receivable

Subsequent to a review of the payment history and an assessment of the collectibility of the loans, the Corporation may deem certain loans non-current. Non-current is defined as any loan where there is significant doubt as to collectibility in the short to medium term, where significant payments have not been received for a period of one year after a rescheduling agreement has been signed, or two years where rescheduling measures have not been undertaken. As a result, the Corporation terminates all interest accruals on these loans and reverses previously accrued interest over a period of up to twelve months following the loan becoming non-current. As well, the capitalization of interest in future rescheduling agreements is not recognized for accounting purposes.

Non-current loans are restored to an accrual basis when regular repayment patterns of all or substantially all amounts due have been established.

Allowance for losses on loans receivable

The allowance for losses on loans is based on a review of collectibility, at least annually, of all loans to commercial and sovereign borrowers. As the result of the review of all loans to commercial borrowers, the Corporation charges to income an amount sufficient to specifically provide for potential losses on the commercial loans receivable portfolio to reflect the impairment of the related commercial loan assets.

In addition to specific allowances for losses on commercial loans, the Corporation prudently sets aside a general allowance based on management's best estimates on the commercial and sovereign loans receivable portfolio for which no specific provision has been made.

Recoverable claims

Claims payments are recorded at estimated recoverable values. Non-recoverable amounts are charged to the appropriate allowance for claims on insurance and guarantees. Subsequent net gains or losses on recovery are credited or charged to the allowance.

Allowance for claims on insurance and guarantees

The Corporation provides for claims based on claims experience augmented, if necessary, by a specific provision based on a review of contingent liabilities.

Interest expense

Interest expense includes hedging expenses, and the amortization of debt discount and issue expenses which are charged to income over the life of the debt.

Insurance premiums

Insurance premiums and fees are earned in Canada. For short-term insurance policies, premiums are taken into income at the commencement of coverage. Premiums on other export insurance policies are taken into income using methods which generally reflect the exposures over the terms of the policies.

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990—*Continued*

Translation of foreign currency

The Corporation hedges its U.S. dollar assets and liabilities on a total portfolio basis. Any net exposure to future changes in the U.S. dollar foreign exchange rate is due to short-term timing differences in cash flows. It is the Corporation's policy to manage assets and liabilities denominated in U.S. dollars in such a way as to minimize this net exposure. Accordingly, assets and liabilities denominated in U.S. dollars are translated into Canadian dollars at exchange rates prevailing at year-end.

Income and expenses are translated at average monthly exchange rates in effect during the year. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are reported with investment interest earned.

Treasury financing activities

The Treasury group engages in a variety of trading activities including contracts relating to the purchase and sale of securities, foreign exchange, interest rate and currency futures, interest rate swaps, and forward rate agreements. With the exception of transactions designated as hedges, the instruments and future commitments arising from these transactions are marked to market and the resulting gain or loss recorded in income. Gains or losses arising from transactions designated as hedges are deferred and recognized in income over the remaining life of the hedged item.

3. Loans receivable

Loans receivable from both sovereign and commercial borrowers are mostly at fixed interest rates established in competition with similar export credit agencies in other countries and generally below commercial rates.

These loans mature as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Non-current (Note 6)	1,323,811	1,019,841
Within 12 months		
—Fixed	519,265	575,597
—Floating	334,176	172,333
Overdue	50,061	64,461
1991		661,668
1992	750,181	566,677
1993	505,019	473,580
1994	497,399	435,324
1995	443,737	382,226
1996 and thereafter	1,554,248	1,046,337
Total	5,977,897	5,398,044
Commercial loans included above	942,694	680,633
Floating rate loans, generally based on LIBOR rates, included in total loans	2,134,249	1,563,607
The geographic distribution of these loans is as follows:		
Pacific and Asia	1,215,893	996,739
Middle East and Africa	1,590,381	1,622,601
Europe	856,678	870,337
North America and Caribbean	1,085,764	811,530
South America	1,229,181	1,096,837
Total	5,977,897	5,398,044

4. Overdues on current loans receivable

Amounts overdue consist of principal instalments and billed interest and fees that have not been received in accordance with the specified terms contained in the related loan agreements.

The geographic distribution of the overdue principal and recognized interest and fees, in the amounts of $50,061 (1989—$64,461) and $31,775 (1989—$27,006) respectively, is as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Pacific and Asia	1	111
Middle East and Africa	11,590	82,170
Europe	8,449	899
North America and Caribbean	987	1,707
South America	60,809	6,580
Total	81,836	91,467

5. Rescheduled and restructured amounts on current loans receivable

Rescheduled and restructured amounts during the year are as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Principal	91,580	172,855
Interest	18,016	40,758
Total	109,596	213,613
Total outstanding on rescheduled and restructured loans	655,682	608,302
Commercial amounts included above	29,761	32,852
Amounts overdue	50,175	8,501

6. Non-current loans receivable

Due to the weakening of economic conditions over time, certain loans where there is risk of long repayment delays or, in respect of commercial loans, significant doubt as to collectibility are placed in the non-current category. Non-current amounts receivable are as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Sovereign, mainly in South America, Europe and Africa	1,318,523	936,904
Commercial	5,288	82,937
Total	1,323,811	1,019,841

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990—*Continued*

7. Allowance for losses on loans

Allowance for losses are as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
General allowance, beginning of year	324,872	107,819
Provision expense	77,589	271,275
Transfers and (interest reversed)	43	(54,222)
General allowance, end of year	402,504	324,872
Specific allowance, beginning of year	51,079	58,816
Recoveries and write-offs	(44,070)	(7,737)
Specific allowance, end of year	7,009	51,079
Total balance sheet allowance	409,513	375,951

In the event the Government participates in multilateral activities to provide debt and debt service reduction, the Government has agreed to compensate the Corporation fully for any financial consequences to the Corporation arising from its decisions. Parliamentary approval would be required to transfer the funds to the Corporation for such compensation. The Auditor General of Canada has pointed out, after working with an independent consultant, that had it not been for this undertaking, the Corporation's allowances for losses on loans should have been at least $900 million higher than presently stated.

In addition, in an earlier decision, the Government of Canada, as part of its initiative to provide concessional terms for rescheduling the debt of the poorest countries, has agreed to provide them with interest assistance to be paid directly to the Corporation, on their debts to the Corporation.

By these agreements with the Government of Canada, the Corporation is shielded from the consequences of current and potential multilateral debt and debt service reduction strategies affecting its sovereign loan portfolio.

The establishment by the Government of Canada of allowances and a contingency reserve in order to participate in potential multilateral debt and debt service reduction activities and the compensation undertakings put in place by the Government establish a realistic option for the settlement of the international sovereign debt problem and limit the Corporation's exposure to the consequences thereof.

The Corporation therefore considers that these Government undertakings, in addition to the Corporation's general loan loss allowance policy, adequately provide for any financial impact of uncertainties relating to the sovereign loan portfolio.

The Corporation also has off balance sheet non-accrued interest receivables as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Non-accrued interest receivable, beginning of year	462,064	341,122
Non-current interest revenue, during the year	170,435	124,681
Non-performing interest revenue	14,855	
Recoveries and write-offs	954	(3,739)
Non-accrued interest receivable, end of year	648,308	462,064

The provision expense, the non-current interest revenue, and the non-performing interest revenue have the effect of adding to the total balance sheet allowance and the non-current interest receivable $262,879 for 1990 compared to $395,956 for 1989.

8. Loans—Statutory limits and commitments

The Act allows the Corporation to have outstanding loans and commitments to foreign borrowers up to a maximum of $15 billion. The position against this limit, determined in accordance with the requirements of the Act, is $8,114 million (1989—$7,652 million). Of this amount, undisbursed commitments on signed loan agreements are $1,894 million (1989—$2,195 million) with the balance representing loans receivable and loans with recourse to the Corporation.

The Corporation expects to fund these undisbursed commitments near the time of their disbursement, typically over a three year period, by issuing a combination of debt instruments in world capital markets at commercial rates of interest and capital stock. The Corporation generally attempts to match debt maturities and currencies with those of its loans.

9. Insurance—Statutory limits and contingent liabilities

The Act specifies that the Corporation can incur liabilities under contracts of insurance, related guarantees and guarantees pertaining to the lending program up to a maximum of $15 billion. The position against this limit, determined in accordance with the requirements of the Act, is $4,780 million (1989—$4,383 million).

Contingent liabilities with respect to insurance and all guarantees of the Corporation included in the above positions are as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Pacific and Asia	795,639	785,472
Middle East and Africa	525,318	594,995
Europe	898,819	527,560
North America and Caribbean	946,828	1,079,819
South America	362,022	227,980
Total	3,528,626	3,215,826

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990—*Continued*

10. Insurance and guarantees—Allowance for claims

The experience under short and medium term programmes is as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Allowance, beginning of year	48,659	44,567
Provision during the year	18,424	12,115
Net write-offs	(20,466)	(8,023)
Allowance, end of year	46,617	48,659

11. Recoverable insurance claims

Activity for the year is as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Recoverable claims, beginning of year	5,127	10,157
Claims paid	28,149	19,793
Claims recovered	(4,945)	(16,231)
Net write-downs	(20,013)	(8,592)
Recoverable claims, end of year	8,318	5,127

12. Loans payable

The Act allows the Corporation to borrow up to a maximum of ten times the aggregate of its paid-in capital from time to time and the retained earnings, if any, determined in accordance with the most recent audited financial statements. As at December 31, 1990 and based on paid-in capital only, this formula produced a limit of at least $7,720 million (1989—$6,970 million) against which borrowings amounted to $5,855 million (1989—$5,473 million).

Loans payable mature as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
Within 12 months		
—Fixed	457,026	674,263
—Floating	2,447,712	2,149,169
1991		499,071
1992	725,860	725,887
1993	760,276	226,227
1994	123,743	74,561
1995	72,173	5,564
1996 and thereafter	1,268,378	1,117,785
Total	5,855,168	5,472,527
Commercial loans included above at fixed rates	2,372,819	2,610,061
Floating rate and short-term fixed rate revolving loans	3,482,349	2,862,466

The Corporation also had lines of credit and overdraft facilities aggregating $2,451 million at December 31, 1990 (1989—$2,572 million).

13. Share capital

The authorized share capital is $1.5 billion consisting of 15 million shares with a par value of $100 each. The number of shares issued and fully paid is 7,720 thousand (1989—6,970 thousand). During the year, the Corporation has issued 750 thousand shares for a consideration of $75 million.

14. Foreign currency balances

The Corporation has substantial assets and liabilities in U.S. dollars and in other currencies. The Canadian dollar equivalent after taking into consideration forward exchange contracts is as follows:

	December 31	
	1990	1989
	(in thousands of dollars)	
U.S. dollars		
Assets	5,489,990	4,826,158
Liabilities	5,335,082	4,825,916
Net exposure	154,908	242
Rate of exchange U.S. $1.00	1.1599	1.1585
Other currencies		
Assets	376,000	396,499
Liabilities	392,138	368,130
Net exposure	(16,138)	28,369

15. Off-balance sheet financial activities

The Corporation reports on its activities in Canadian funds; however, it deals extensively in other currencies in order to meet customer requirements and to source funds to the best advantage.

In any transaction there is always an inherent risk of loss. These risks may be classified as credit risks, wherein the counter-party to a transaction does not perform as agreed, or market risks where an exposure exists as a result of changes in foreign exchange and interest rates.

The Corporation limits its exposure to credit risk by dealing only with financial institutions having very high credit ratings. Internal procedures establish proper credit approvals, controls and monitoring.

As a normal course of business, the Corporation enters into a wide range of financial arrangements to reduce the market risks of adverse changes in foreign exchange and interest rates and to reduce its funding costs. The financial instruments used to effect these results would normally include: currency and interest rate swaps, options, caps and floors, forward and spot conversions, and futures.

A typical currency swap involves the immediate purchase (or sale) of a foreign currency and the simultaneous sale (or purchase) of future commitments. An interest rate swap involves the exchange of interest rate flows over a defined period of time based on a notional amount. The Corporation has currency swap contracts amounting to $1,693 million in principal value and interest rate swap contracts with a notional principal value of $1,339 million. The currency and interest rate swap contracts have a net credit exposure of $265 million when valued at market replacement cost and the largest singular exposure to any institution amounts to $74 million.

EXPORT DEVELOPMENT CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990—*Concluded*

Options represent the right to buy or sell financial instruments, usually containing foreign exchange or interest components, at a predetermined price, in exchange for an agreed upon sum of money paid or received at the commencement of a specified period. If the right is not exercised in the specified period, the option expires. An option is attached to one of the interest rate swap agreements of U.S. $150 million entered into by the Corporation. This option which the Corporation sold gives the buyer the right to terminate the swap prior to August 1, 1996.

Caps and floors represent financial agreements wherein interest rate protection limits are purchased or sold. The Corporation has sold LIBOR caps on U.S. $350 million notional principal value. Exposure under these caps will exist in whole or part until 1998.

Forward contracts are specifically negotiated arrangements which will convert a currency instrument to another currency at a future date. All contractual terms are fixed, which eliminates foreign exchange risk but a minimal amount of credit risk exists. The total amount of forward contracts are $2,286 million.

Futures contracts represent publicly traded obligations locking in specific currency or rate levels at a known future date. The credit risk is extremely low due to margin requirements, daily settling of accounts and the use of recognized exchanges. There are no futures contracts in place as at December 31, 1990.

16. Related party transactions

The Corporation is a Crown corporation wholly owned by Canada and an agent of Her Majesty in right of Canada. Therefore, all of the Corporation's borrowings carry the full faith and credit of Canada.

The Government of Canada has established an understanding that it may seek Parliamentary appropriations to eliminate any losses the Corporation might incur.

The Corporation is not subject to the requirements of the Income Tax Act with respect to its earnings.

17. Accounts administered for Canada

(a) Pursuant to the Act, the Corporation administers for Canada certain loans and insurance programs entered into under the authority of the Governor in Council for which the Board of Directors has the predominant role in the management of the program and is solely responsible for its administration. These accounts are maintained separately from the Corporation's accounts, and are consolidated annually as at March 31 with the financial statements of the Government of Canada which are reported upon separately by the Auditor General of Canada. The assets administered for Canada, mainly loans receivable and accrued interest and fees recorded in accordance with accounting policies and practices approved by the Government of Canada, amounted to $1,256 million (1989—$1,027 million).

(b) Statutory limits, commitments and contingent liabilities

The Act allows the Accounts administered for Canada to have outstanding loans and commitments to foreign borrowers up to a maximum of $6 billion. The position against this limit, determined in accordance with the requirements of the Act, is $1,532 million (1989—$1,375 million).

The Act also specifies that the Accounts administered for Canada can incur liabilities under contracts of insurance, related guarantees and guarantees pertaining to the lending program up to a maximum of $7 billion. The position against this limit, determined in accordance with the requirements of the Act, is $89 million (1989—$62 million). Contingent liabilities of the Accounts administered for Canada included in the above positions amounted to $84 million (1989—$58 million).

FARM CREDIT CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Farm Credit Corporation and all information in this annual report are the responsibility of the Corporation's management and have been approved by the Board of Directors. The financial statements include some amounts, such as the allowance for loan losses and the valuation of real estate acquired in settlement of loans, that are necessarily based on management's estimates and judgement.

The financial statements have been prepared in accordance with accounting principles which are generally accepted in Canada and which have been consistently applied. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

The approach followed by the Corporation to estimate the allowance for loan losses, on a consistent basis with past years, includes a specific review of undersecured loans and a general estimate of probable losses inherent in the secured portion of the portfolio. The general allowance is prudential in nature, and provides for loan losses which have not been specifically identified.

As a result of loans going through the recovery process the amount of the allowance attributable to specific individual loans has declined from the March 31, 1990 level. However, the increased uncertainty facing Canadian agriculture at this time, arising from adverse conditions such as the failure of the GATT negotiations, and its probable negative impact on farmers' ability to repay and the value of the Corporation's security has, in management's judgement, necessitated the retention of the allowance at its book value as of March 31,1991. Therefore, it is management's opinion that the year-end allowance at $232.7 million is the best estimate of probable losses on loans outstanding.

Other than an amount of $3.7 million, which was charged to operations to provide for probable loan losses on current year lending, no amount has been charged to or credited to operations with regard to the allowance for loan losses. The Board of Directors supports management's opinion that, in an environment of continuing, low agricultural export prices, particularly in the grain sector, and the recent failure of GATT negotiations, it would be imprudent to further reduce the allowance at this time.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal control is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have full and free access to the Audit Committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon.

James J. Hewitt
Chairman and Chief Executive Officer

Max Pierce
Senior Vice-President
Finance

AUDITOR'S REPORT

TO THE MINISTER OF AGRICULTURE

I have audited the balance sheet of Farm Credit Corporation as at March 31, 1991 and the statements of operations and deficit and changes in cash position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Loans of $3,378.3 million are stated net of an allowance for loan losses of $232.7 million. Although the Corporation has provided me with evidence and analyses in support of the inclusion of $136.1 million in the allowance, it was unable to provide adequate support for the balance of $96.6 million. As a consequence, I was unable to satisfy myself as to the appropriateness of this additional amount. Accordingly, I was unable to determine whether any adjustments might be necessary to the allowance for loan losses and consequentially to the provision for loan losses, the net income for the year and the deficit.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself with respect to the appropriateness of the additional $96.6 million in the allowance for loan losses described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Farm Credit Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 30, 1991

FARM CREDIT CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Cash and short-term investments	182,076	48,104
Accounts receivable	13,327	2,277
Loans receivable, net of allowance for loan losses of $232,665 (1990—$279,365) (Notes 3 and 4)	3,378,346	3,573,414
Real estate acquired in settlement of loans (Note 5)	224,711	178,281
Office equipment and leasehold improvements	5,452	5,113
Unamortized debt discount and issue expenses	6,470	9,530
	3,810,382	3,816,719

LIABILITIES	1991	1990
Accounts payable and accrued liabilities	12,240	16,466
Short-term notes	306,544	110,456
Provision for employee termination benefits	3,447	3,154
Loans payable (Note 6)	3,341,587	3,760,523
	3,663,818	3,890,599
EQUITY		
Contributed capital (Note 8)	1,018,333	818,333
Deficit	(871,769)	(892,213)
	146,564	(73,880)
	3,810,382	3,816,719

The accompanying notes are an integral part of the financial statements.

Approved:

JAMES J. HEWITT
Chairman and Chief Executive Officer

GEORGE KLOSLER
Director

FARM CREDIT CORPORATION—*Continued*

STATEMENT OF OPERATIONS AND DEFICIT FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Interest income		
Loans receivable	370,928	386,347
Short-term investments	19,860	13,801
	390,788	400,148
Interest expense		
Loans payable	325,625	356,545
Short-term notes	17,772	13,305
	343,397	369,850
Net interest income	47,391	30,298
Provision for loan losses (Note 4)	(3,684)	(3,202)
Lease and other revenue from real estate, net of operating expenses of $6,783 (1990—$5,496)	34,170	20,779
Other income	1,284	1,763
Income before non-interest expenses	79,161	49,638
Administrative expenses	52,544	47,337
Income taxes—Large corporations tax (Note 9)	6,173	4,990
Net income (loss) for the year	20,444	(2,689)
Deficit at beginning of the year	(892,213)	(889,524)
Deficit at end of the year	(871,769)	(892,213)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN CASH POSITION FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Net income (loss) for the year	20,444	(2,689)
Items not involving cash		
Provision for loan losses	3,684	3,202
Change in accrued interest receivable	20,286	4,285
Change in accrued interest payable	(13,405)	(9,100)
Other	(7,365)	12,489
Cash provided by operating activities	23,644	8,187
Investing activities		
Loans receivable disbursed	(184,530)	(188,620)
Loans receivable repaid	248,511	313,763
Proceeds from disposal of real estate	60,687	83,666
Other	(4,897)	3,689
Cash provided by investing activities	119,771	212,498
Financing activities		
Loans from Canada	256,250	256,550
Loans repaid to Canada	(388,321)	(998,669)
Loans repaid to capital markets	(273,460)	(112,543)
Increase in contributed capital	200,000	600,000
Change in short-term notes	196,088	41,187
Cash used in financing activities	(9,443)	(213,475)
Increase in cash and short-term investments	133,972	7,210
Cash and short-term investments at beginning of the year	48,104	40,894
Cash and short-term investments at end of the year	182,076	48,104

The accompanying notes are an integral part of the financial statements.

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. The Corporation

(a) Authority and objectives

Farm Credit Corporation ("the Corporation") was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board and is an agent Crown corporation named in Part I of Schedule III to the Financial Administration Act. The Corporation makes and administers farm loans under the authority of the Farm Credit Act and the Farm Syndicates Credit Act, and administers programs as requested by the Government of Canada ("the government").

The Corporation's role, as clarified in the Corporate Plan approved in 1988, is to provide mortgage credit and complementary financial services to Canadian farmers on a break-even basis and, when called upon by the government, to deliver specific government programs on a cost-recovery basis.

(b) Financial restructuring

The government has approved a financial restructuring for the Corporation which covers a four-year period ending March 31, 1992 and establishes operating policies and management guidelines within which the Corporation is to operate.

2. Significant accounting policies

(a) Revenue recognition

Interest income is recorded on the accrual basis until such time as management determines that a loan should be classified as non-accrual. A loan is classified as non-accrual when:

1 principal or interest is six months past due, unless the loan is well secured, or

2 when circumstances indicate doubt as to the ultimate collectibility of principal or interest.

When a loan is classified as non-accrual, uncollected interest recognized in the year is reversed against interest income and, where necessary, uncollected interest recognized in previous years is provided for in the allowance for loan losses.

Interest payments on non-accrual loans are recorded as interest income when received where it has been determined that the loan does not require a specific provision for loss; otherwise, they are credited to principal.

Non-accrual loans return to accrual status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured.

Lease and other revenues from real estate are recorded when earned.

Loan fees and charges are recorded as other income when earned.

(b) Allowance for loan losses

The allowance for loan losses represents management's best estimate of probable losses on the loans outstanding at the end of the year. The allowance has a specific component which is based on the review of outstanding undersecured loans and a general component, which is prudential in nature, to provide for loan losses which have not yet been specifically identified.

The allowance is based on a periodic evaluation of the loan portfolio in which numerous factors are considered including future land values, commodity prices, federal and provincial governments' programs, and climatic conditions. Management has estimated the effect of these risks and uncertainties when determining the allowance for loan losses. However, future agricultural and economic conditions are not predictable with certainty and, therefore, actual loan losses may vary from management's estimate.

The government has agreed to reimbusre the Corporation for concessions it will make to farmers during the next year as a result of its participation in the Farm Debt Review process. The type of concessions to be made through the process, and the extent to which they will reduce the Corporation's loan losses, are not presently known. They are, therefore, not included in establishing the allowance for loan losses.

Actual loan losses, write-downs of acquired real estate, and losses on the sale of real estate are charged to the allowance while recoveries are credited to the allowance. Adjustments of the allowance to the level regarded by management as being appropriate are applied to operations.

(c) Real estate acquired in settlement of loans

Real estate is recorded at the lower of the amount of the loan outstanding or the estimated net realizable value at the time of acquisition. Subsequent declines in estimated net realizable value are recorded in the year in which they occur.

(d) Farm Debt Review process

Amounts received on behalf of farmers for concessions granted by the Corporation under the Farm Debt Review process are applied as if they had been received directly from the farmers.

(e) Office equipment and leasehold improvements

Office equipment and leasehold improvements are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful lives of office equipment and leasehold improvements according to the following methods and rates:

	Methods	Rates
Equipment and furniture	Declining balance	20%
Computer equipment and software	Straight-line	20%
Leasehold improvements	Straight-line	Lease term plus the first renewal option

(f) Debt discount and issue expenses

Debt discount and issue expenses are amortized on a straight-line basis over the life of the debt and are included in interest expense on loans payable.

(g) Translation of foreign currencies

Loans and related interest payable in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the rates provided therein. The differences between the ultimate amounts payable at the contracted rates and the cash proceeds of the debt issues are included with debt discount and issue expenses. These amounts are amortized on a straight-line basis and are charged to interest expense over the lives of the obligations.

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

(h) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contributions to the plan are limited to matching the employees' contributions for current service. These contributions are expensed during the year in which the services are rendered and represent the total pension obligations of the Corporation.

(i) Employee termination benefits

On termination of employment, employees are entitled to benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

(j) Income taxes

The Corporation follows the tax allocation method of providing for income taxes. The cumulative differences between tax calculated on such a basis and taxes currently payable are essentially timing differences and result in deferred income taxes. The Corporation has deferred tax benefits which have not been recorded and will only be recognized when there is virtual certainty that they will be realized.

3. Loans receivable

	Annual interest rate	1991	1990
	%	(in thousands of dollars)	
Loans to farmers, secured by mortgages	5-16 3/4	3,416,781	3,627,405
Loans to farm syndicates, secured by notes	7-14 5/8	6,607	5,118
Loans receivable from real estate sales, secured by agreements for sale or mortgages	5-14 7/8	35,470	36,828
		3,458,858	3,669,351
Accrued interest—Current		88,862	113,245
—Arrears		63,291	70,183
		3,611,011	3,852,779
Less: allowance for loan losses		232,665	279,365
		3,378,346	3,573,414

At March 31, 1991, the Corporation had 4,333 loans representing $485 million of loans receivable classified as non-accrual (1990—5,495 representing $642 million). During the year, interest not recognized on non-accrual loans amounted to $22 million (1990—$31 million). The accumulated interest not recognized on non-accrual loans outstanding at March 31, 1991 amounted to $82 million (1990—$122 million).

4. Allowance for loan losses

The summary is as follows:

	1991	1990
	(in thousands of dollars)	
Balance at beginning of the year	279,365	350,000
Write-offs, net of recoveries	(50,384)	(73,837)
Provision for loan losses	3,684	3,202
Balance at end of the year	232,665	279,365
Specific allowance	87,665	124,365
General allowance	145,000	155,000
Balance at end of the year	232,665	279,365

5. Real estate acquired in settlement of loans

The summary is as follows:

	1991	1990
	(in thousands of dollars)	
Balance at beginning of the year	178,281	135,642
Acquisitions	110,316	118,205
Disposals	(63,886)	(75,566)
Balance at end of the year	224,711	178,281

Real estate represents farm property acquired in the process of administering loans receivable and must be disposed of within five years of acquisition or such further period as the Governor in Council may prescribe.

The Corporation has 2,371 properties (1990—1,864), of which 1,036 (1990—1,010) are saleable within the next year. Of these saleable properties , 555 (1990—650) may be eligible for lease renewal. The balance are leased for periods of up to four years.

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

6. Loans payable

	Annual interest rate	1991	1990
	%	(in thousands of dollars)	
Loans from Canada, secured by notes			
Farm Credit Act	6-13	2,309,233	2,442,104
Farm Syndicates Credit Act	9 1/4-11	4,536	3,736
Loans from capital markets, secured by notes			
Farm Credit Act			
Payable in:			
U.S. dollars (375,000,000)	9-10 1/2	507,987	591,447
Swiss Francs (100,000,000)	11	59,666	59,666
Japanese Yen (7,660,000,000)	9 1/4	69,500	69,500
Canadian dollars	9-12 1/8	305,000	495,000
		3,255,922	3,661,453
Accrued interest		85,665	99,070
		3,341,587	3,760,523

	1991	1990
Amounts due by fiscal year are as follows:		
1991		506,854
1992	408,816	423,305
1993	468,387	446,037
1994	585,510	543,069
1995	351,699	372,948
1996	314,414	259,201
1997 to 2005	1,127,096	1,110,039
	3,255,922	3,661,453
Accrued interest	85,665	99,070
	3,341,587	3,760,523

As part of the financial restructuring, $200 million of loans from Canada (1990—$600 million) was repaid during the year from the increase in contributed capital. The government decided that no interest would be payable on these loans throughout the year.

7. Limits on borrowing

The Farm Credit Act limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the contributed capital of the Corporation. At March 31, 1991, the Corporation's outstanding borrowings under this Act, comprising short-term notes of $304 million and loans payable of $3,256 million, were 3.49 times the contributed capital of $1,018 million (1990—4.60 times the contributed capital of $818 million).

The Farm Syndicates Credit Act limits the loans from Canada pursuant to the Act to $25 million. At March 31, 1991, the Corporation's loans from Canada under this Act were $5 million (1990—$4 million).

8. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under section 12 of the Farm Credit Act. The statutory limit was increased by $200 million in the current year to $1,025 million (1990—$825 million).

As part of the financial restructuring, Canada increased its contributed capital by $200 million. The Corporation has applied these amounts to the repayment of loans from Canada.

9. Income taxes

(a) Timing differences of approximately $297 million are available to the Corporation as at March 31, 1991. These have not been recognized in the accounts since they will not be used in the foreseeable future. They result primarily from differences between the provision for loan losses charged to operations and the amount claimed for income tax purposes.

In addition, the loss carry-forward for income tax purposes which has not been recognized in the financial statements amounts to $493 million and expires on the dates indicated:

	(in thousands of dollars)
March 31, 1996	13,000
March 31, 1997	480,000
	493,000

During the current year the Corporation will incur no income tax expense, other than the large corporations tax, due to the utilization of $321 million in loss carry-forwards.

(b) Income taxes payable by the Corporation relate to the large corporations tax, which may be offset against any current or future surtaxes payable. The Corporation has no surtax currently payable.

10. Commitments to farmers

As at March 31, 1991, loans to farmers approved but not disbursed amounted to $47 million (1990—$47 million). These loans were approved at rates from 11.625 per cent to 12.25 per cent. It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1991.

11. Operating leases

Future minimum payments by fiscal year on operating leases for premises, with initial non-cancellable lease terms in excess of one year, are as follows:

	(in thousands of dollars)
1992	3,206
1993	2,872
1994	2,094
1995	1,864
1996	701
1997 to 2000	450
	11,187

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of the amounts established at the commencement of the lease term.

FARM CREDIT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

12. Government programs

Farm Debt Review process

Subject to annual parliamentary appropriation, the Minister of Agriculture has been authorized to make contributions to farmers, payable to the Corporation. These payments are based on concessions that the Corporation has granted to farmers under arrangements made pursuant to the Farm Debt Review Act. The Corporation is reimbursed at the time farmers realize the benefits of the concessions, which may be over a period as long as five years. These concessions cease if the farmers fail to meet their commitments, or the Corporation proceeds with recovery action.

The government has allocated funds for concessions to be granted over the period ending March 31, 1992. Since the inception of the Farm Debt Review process, the Corporation has offered $167 million in concessions and billed $121 million to the government of which $45 million was billed in the current year and $76 million in prior years. The committed difference of $46 million will be due and received over the next five years as farmers meet their commitments and thereby realize the benefits of the concessions.

13. Comparative figures

Certain 1990 comparative figures have been reclassified to reflect the presentation adopted in 1991.

FEDERAL BUSINESS DEVELOPMENT BANK

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements were prepared by the management of the Federal Business Development Bank in accordance with accounting principles generally accepted in Canada, which were consistently applied. The financial data contained in other sections of this annual report is consistent with the content of the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains a system of internal controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is augmented by audit and inspection staff who conduct periodic reviews of different aspects of the Bank's operations. In addition, the Vice-President, Internal Audit, and the Independent Auditors have full and free access to the Audit Committee of the Bank's Board of Directors which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

These financial statements have been examined and reported upon by the Bank's independent auditors, Raymond, Chabot, Martin, Paré and Associates, Chartered Accountants and the Auditor General of Canada.

Guy A. Lavigueur
President

AUDITORS' REPORT

TO THE MINISTER OF
INDUSTRY, SCIENCE AND TECHNOLOGY
AND
TO THE MINISTER OF STATE
(SMALL BUSINESSES AND TOURISM)

We have audited the balance sheet of the Federal Business Development Bank as at March 31, 1991 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bank as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Bank that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Federal Business Development Bank Act, the by-laws of the Bank and with the directive given to the Bank as disclosed in Note 5.

Raymond, Chabot, Martin, Paré and Associates
Chartered Accountants

Montreal, Canada
May 17, 1991

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 17, 1991

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

BALANCE SHEET AS AT MARCH 31
(in thousands of dollars)

ASSETS	1991	1990
Cash and short-term investments	147,458	136,496
Loans	2,708,366	2,708,097
Venture capital investments (Note 3)	48,255	45,467
Interest due and accrued	12,454	11,926
	2,769,075	2,765,490
Less: accumulated provision for losses (Note 4)	240,893	214,559
	2,528,182	2,550,931
Long-term investment (Note 5)	79,000	79,000
Capital assets, net of accumulated amortization	3,862	3,398
Unamortized debt issue expenses	6,566	10,858
Accrued interest on swap contracts	16,497	17,614
Other assets	7,552	16,056
	2,789,117	2,814,353

LIABILITIES	1991	1990
Short-term notes	296,814	172,357
Accrued interest on notes and swap contracts	104,595	98,041
Other liabilities	35,546	30,022
	436,955	300,420
Long-term notes (Note 6)	1,974,049	2,127,017
Unamortized premiums (net) on long-term notes	10,073	21,540
	2,421,077	2,448,977
SHAREHOLDER'S EQUITY		
Capital paid in by Canada (Notes 7 and 8)	580,600	580,600
Deficit	(212,560)	(215,224)
	368,040	365,376
	2,789,117	2,814,353

Approved by the Board:

H. BLOOMFIELD
Director

GUY LAVIGUEUR
Director

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1991	1990
Financial Services		
Interest and investment income		
Loans	366,697	357,169
Venture capital investments	4,810	8,983
	371,507	366,152
Interest expense		
Long-term notes	228,833	186,334
Short-term notes (net)	9,808	38,240
	238,641	224,574
Net interest and investment income	132,866	141,578
Provision for losses on loans, guarantees and venture capital investments	51,459	57,135
Net interest and investment income after provision for losses	81,407	84,443
Non-interest expenses		
Salaries and staff benefits	48,049	46,781
Premises and equipment, including amortization	11,314	9,941
Other expenses	19,102	16,676
	78,465	73,398
Net income (Note 11)	2,942	11,045
Net income (loss) attributable to		
Loans division	4,282	7,247
Venture capital division	(1,340)	3,798
Management Services		
Expenditures		
Salaries and staff benefits	19,474	18,441
Premises and equipment	2,775	3,235
Other expenses	7,648	8,662
	29,897	30,338
Revenue from CASE counselling, training seminar registration and other activities	14,593	12,555
Net expenditures	15,304	17,783
Reorganization expenses (Note 12)		6,431
Total net expenditures	15,304	24,214
Parliamentary appropriation	15,026	23,429
Unfunded expenses	278	785
Total net expenditures were incurred as follows		
Management counselling	9,595	9,088
Management training	5,709	6,017
Information and advice		2,678
Reorganization expenses		6,431
	15,304	24,214

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1991	1990
Deficit, beginning of year	(215,224)	(225,484)
Net income, Financial Services	2,942	11,045
Unfunded expenses, Management Services	(278)	(785)
Deficit, end of year	(212,560)	(215,224)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1991	1990
Operations		
Net income, Financial Services	2,942	11,045
Unfunded expenses, Management Services	(278)	(785)
Items not requiring an outlay of cash		
Provision for losses	51,459	57,135
Amortization of capital assets	2,043	1,678
Amortization of net premiums and debt issue expenses	(8,720)	(5,979)
Net change in accrued interest	7,143	8,698
Net change in other assets and other liabilities	14,028	(2,313)
	68,617	69,479
Disbursements to borrowers and investees	(460,796)	(762,386)
Repayments by borrowers and investees	431,152	480,811
Other	(1,045)	1,038
Cash provided (used) by operations	37,928	(211,058)
Treasury		
Issue of long-term notes	299,861	894,122
Repayment of long-term notes	(452,829)	(444,238)
Net change in short-term notes	124,457	(215,859)
Capital paid in by Canada		10,000
Net premiums and debt issue expenses	1,545	10,578
Cash provided (used) by treasury	(26,966)	254,603
Cash and short-term investments		
Increase	10,962	43,545
Beginning of year	136,496	92,951
End of year	147,458	136,496

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Objectives and operations of the Corporation

Federal Business Development Bank is a Crown corporation wholly-owned by the Government of Canada, which was established December 20, 1974, by the Federal Business Development Bank Act and commenced operations on October 2, 1975, as the successor to the Industrial Development Bank.

The objectives of the Bank, as stated in the Act, are to promote and assist in the establishment of business enterprises in Canada by providing financial assistance, management counselling and training; giving particular consideration to the needs of small business enterprises.

The Bank's lending and venture capital operations are carried out by Financial Services. Management Services includes counselling and training. A statement of operations is shown for Management Services since it is funded separately by parliamentary appropriation.

Federal Business Development Bank is for all purposes of its Act an agent of the Government of Canada. The Bank is named in Part I of Schedule III to the Financial Administration Act and is exempt from income taxes.

2. Significant accounting policies

Short-term investments

Short-term investments are recorded on an amortized cost basis.

Loans and venture capital investments

Loans are recorded at principal amounts. Venture capital investments are recorded at cost.

Provision for losses on loans, guarantees and venture capital investments

Provisions are established for specifically identified probable losses on loans, guarantees and venture capital investments, as well as for anticipated but unidentified losses. The specific provision is established on an account by account basis whereas the general provision is based on historical experience and the level of loss experience anticipated and is intended to cover losses on loans and guarantees which have not yet been specifically identified.

Revenue recognition

Interest on loans is recorded as income on an accrual basis except that interest is not accrued on loans where management believes that the interest will not be recovered. Dividends, interest and capital gains on venture capital investments are recorded as income when received.

Capital assets and amortization

Capital assets acquired by Financial Services are recorded at cost and amortized over their estimated useful lives using the straight-line or diminishing-balance methods.

For Management Services, all capital expenditures are charged against income in the year of acquisition as these are funded by parliamentary appropriation.

Premiums, discounts and debt issue expenses

Premiums, discounts and expenses related to the issue of debt are amortized on a straight-line basis over the term of the obligations to which they pertain and charged to interest expense.

Translation of foreign currencies

Notes payable in foreign currencies and interest thereon, are hedged by foreign exchange forward contracts or by currency swap agreements and are translated into Canadian dollars at the rates provided therein. The Bank adopts a similar practice for notes denominated in Canadian dollars which are tied to the performance of foreign currencies. The difference between the ultimate amount payable at the contracted rate and the cash proceeds of the issue is considered to be an element of financing costs and is therefore amortized to interest expense over the life of the obligation on a straight-line basis. The unamortized portion of these amounts is included with unamortized debt issue expenses in the balance sheet.

Interest rate swaps

The Bank enters into interest rate swap transactions as part of its debt financing strategy. Amounts receivable and payable arising from these contracts are recorded over the life of the swap contracts as interest expense .

Pension plan

The Bank maintains a contributory, defined benefit pension plan for eligible employees. Periodic actuarial evaluations are performed by independant actuaries to determine the value of accrued pension benefits and the costs of the plan. Pension expense for the year is comprised of the aggregate of:

— the cost of pension benefits provided in respect of current service and,

— the amortization over the expected average remaining service life of employees for adjustments arising from changes in the plan or assumptions, experience gains or losses and the plan funding excess or deficiency determined by the latest actuarial valuation.

The cumulative difference between the amounts of pension expense and funding contributions is recorded in "Other liabilities" or "Other assets" as applicable.

Employee termination entitlements

Termination entitlements arising from the Bank's conditions of employment are expensed in the year in which they are earned by employees.

Parliamentary appropriation for Management Services

Net expenditures for Management Services include certain expenses such as employee termination entitlements and pension fund accruals which are not funded by parliamentary appropriation until they are disbursed.

3. Venture capital investments

	1991	1990
	(in thousands of dollars)	
Shares	27,816	28,538
Shareholder advances	911	996
Participating debentures	14,315	14,715
Convertible debentures	5,213	1,218
	48,255	45,467

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

4. Accumulated provision for losses

	1991	1990
	(in thousands of dollars)	
Accumulated provision, beginning of year	214,559	174,411
Amounts written off during the year	(26,587)	(19,661)
Recovery of amounts previously written off	1,462	2,674
	189,434	157,424
Provision for the year	51,459	57,135
Accumulated provision, end of year	240,893	214,559

5. Long-term investment

Pursuant to a directive dated October 16, 1986, given by the Government of Canada to the Federal Business Development Bank under section 89 of the Financial Administration Act, the Bank was directed to purchase from Cominco Ltd. 790,000 series "E" preferred shares for an amount of $79 million with funds provided by the Government.

Cominco Ltd. is a Canadian mining producer of zinc and lead. This investment forms part of a $260 million program of modernization relating to lead smelting operations in Trail, B.C. A twenty-year agreement between the Government of Canada and Cominco Ltd. provides for a sharing in the risks of the project. The redemption of the Bank's investment and payment of dividends thereon are tied to the success of the project as determined by a profitability index which is related to the performance of lead and silver prices over the life of the agreement.

This investment is carried at cost and any dividends will be recorded when received.

6. Long-term notes

Maturities by fiscal year are as follows:

Rate %	1992	1993	1994	1995	1996	1997-99	Total
	(in thousands of dollars)						
8 3/4-9 7/8	288,709	183,084	75,000	31,476	27,440	25,000	630,709
10-11 3/4	411,218	204,199	116,672	431,121	4,448	16,217	1,183,875
12-13 1/2	35,000	69,465	35,000		20,000		159,465
	734,927	456,748	226,672	462,597	51,888	41,217	1,974,049

These long-term notes include the following notes denominated in foreign currencies hedged by currency swap agreements or by foreign exchange forward contracts (See Note 2):

	Canadian dollars (in millions of dollars)
United States $141.0 million	184.0
European Currency Units (ECU) 100.0 million	125.4
Japanese Yen 9.4 billion	84.7
Australian $20.1 million	23.2
Italian Lira 12.0 billion	9.5
	426.8

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

The first table includes $212.1 million of long-term notes payable which have been the subject of interest rate swap agreements with other financial institutions. Under these agreements, fixed interest rate commitments ranging between 8 3/4% and 13 1/2% have been converted to floating interest rates which resulted in effective interest rates for fiscal 1991 which ranged between 10% and 14%. These borrowings fund a portion of the Bank's floating interest rate loan portfolio.

7. Capital paid in by Canada

	1991	1990
	(in thousands of dollars)	
Amount paid to the Bank of Canada pursuant to section 52 of the Federal Business Development Bank Act	79,000	79,000
Amounts paid in pursuant to subsection 28(1) of the Federal Business Development Bank Act	475,000	475,000
Amounts paid in by appropriation	26,600	26,600
	580,600	580,600

8. Statutory limitations on operations

The Minister of Finance, with the approval of the Governor in Council, has authorized capital payments to the Bank totalling $475 million, being the maximum allowed by subsection 28(1) of the Federal Business Development Bank Act. The Bank may receive additional funding for the purposes of section 20 of the Act by way of parliamentary appropriation.

The total of direct and contingent liabilities of the Bank may not exceed twelve times the amount of its "Capital" as defined in subsection 28(2) of the Federal Business Development Bank Act (or up to fifteen times with the approval of the Governor in Council). These liabilities combined with the Bank's "Capital" may not exceed $3.2 billion.

9. Contingent liabilities and commitments

As at March 31, 1991:

(a) The Bank is guarantor of loans aggregating $1.1 million.

(b) Various legal proceedings arising from the normal course of business are pending against the Bank. Management considers that the aggregate liability resulting from these proceedings will not be material.

(c) The undisbursed amounts on loans and venture capital investments authorized aggregated $106.5 million.

(d) The future minimum lease commitments under operating leases related to the rental of Bank premises are as follows:

	(in thousands of dollars)
1992	7,155
1993	6,284
1994	5,390
1995	4,918
1996	4,261
Thereafter	3,790
	31,798

10. Pension plan

Based on the latest actuarial valuation prepared as of December 31, 1990, the present value of the accrued pension benefits amounted to $192.1 million and the market related value of the net assets was $193.1 million.

11. Financial Services

The statement of operations for Financial Services is comprised of the results of the Loans Division and the Venture Capital Division which are segregated below. Within the capital of the Bank as at March 31, 1991, was an amount of $45.6 million provided by the Government of Canada to fund the venture capital investment portfolio.

	1991			1990		
	Loans	Venture capital	Total	Loans	Venture capital	Total
	(in thousands of dollars)					
Interest and investment income	366,697	4,810	371,507	357,169	8,983	366,152
Interest expense	238,641		238,641	224,574		224,574
Net interest and investment income	128,056	4,810	132,866	132,595	8,983	141,578
Provision for losses	48,395	3,064	51,459	55,158	1,977	57,135
Net interest and investment income after provision for losses	79,661	1,746	81,407	77,437	7,006	84,443
Non-interest expenses	75,379	3,086	78,465	70,190	3,208	73,398
Net income (loss)	4,282	(1,340)	2,942	7,247	3,798	11,045

FEDERAL BUSINESS DEVELOPMENT BANK—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

12. Comparative financial data

(a) During the year ended March 31, 1990, the Information and Advice Programs of Management Services were eliminated in response to the reduction in annual parliamentary appropriation announced by the Minister of Finance in his budget speech of April 27, 1989. The costs of the reorganization, consisting mainly of employee terminations and excess space, were expensed in the year.

(b) Certain amounts pertaining to the fiscal year ended March 31, 1990, have been reclassified to conform with the presentation adopted for the fiscal year ended March 31, 1991.

FRESHWATER FISH MARKETING CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF FISHERIES AND OCEANS

I have audited the balance sheet of the Freshwater Fish Marketing Corporation as at April 30, 1991 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Freshwater Fish Marketing Act and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 19, 1991

BALANCE SHEET AS AT APRIL 30, 1991

ASSETS	1991	1990
	$	$
Current		
Cash		1,530,515
Accounts receivable		
Trade	4,303,373	6,143,049
Other	1,872,087	1,398,743
Loan receivable (Note 3)	69,000	
Inventories		
Finished fish products	1,265,111	10,487,905
Packaging material and parts	1,172,973	1,510,070
Prepaid expenses	82,575	89,801
	8,765,119	21,160,083
Loan receivable (Note 3)	592,250	
Property, plant and equipment (Note 4)	9,233,190	8,839,341
	18,590,559	29,999,424

LIABILITIES	1991	1990
	$	$
Current		
Bank indebtedness	418,218	
Loan payable (Note 6)	69,000	
Accounts payable	2,077,805	2,864,384
Accrued interest payable	3,335	1,051,897
Working capital loans from Canada (Note 5)	9,900,000	21,055,819
Provision for final payments to fishermen	2,089,340	1,734,055
	14,557,698	26,706,155
Loan payable (Note 6)	598,000	
	15,155,698	26,706,155
EQUITY		
Retained earnings	3,434,861	3,293,269
	18,590,559	29,999,424

Approved by the Board:

CLAUDETTE BOURRIER
Director

MAURICE BLANCHARD
Director

FRESHWATER FISH MARKETING CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED APRIL 30, 1991

	1991	1990
	$	$
Sales		
Domestic	10,301,775	8,642,769
Export	41,764,929	40,744,330
	52,066,704	49,387,099
Expenses		
Cost of sales	44,566,322	41,829,672
Interest (Note 7)	1,633,522	2,027,250
Amortization	1,570,199	1,373,197
Salaries and employee benefits	1,051,654	1,009,081
Bad debts	142,679	62,447
Other	871,396	1,081,354
	49,835,772	47,383,001
Income before provision for final payments to fishermen	2,230,932	2,004,098
Provision for final payments to fishermen	2,089,340	1,734,055
Net income for the year	141,592	270,043
Retained earnings at beginning of the year	3,293,269	3,023,226
Retained earnings at end of the year	3,434,861	3,293,269

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED APRIL 30, 1991

	1991	1990
	$	$
Cash provided by (used for)		
Operating activities		
Net income for the year	141,592	270,043
Add (deduct) items not affecting cash		
Amortization	1,570,199	1,373,197
Gain on sale of capital assets	(26,171)	(22,945)
Net changes in non-cash working capital balances relating to operations	9,098,308	1,369,760
Cash provided by operations	10,783,928	2,990,055
Investing activities		
Loan receivable	(592,250)	
Additions to property, plant and equipment	(2,009,834)	(2,256,174)
Proceeds on sale of property, plant and equipment	71,957	40,117
Cash used for investing activities	(2,530,127)	(2,216,057)
Financing activities		
Loan payable	598,000	
Increase (decrease) in working capital loans from Canada	(11,155,819)	7,055,819
Contributions for plant and equipment		28,727
Cash provided by (used for) financing activities	(10,557,819)	7,084,546
Increase (decrease) in provision for final payments to fishermen	355,285	(6,224,751)
Increase (decrease) in cash during the year	(1,948,733)	1,633,793
Cash (bank indebtedness) at beginning of year	1,530,515	(103,278)
Cash (bank indebtedness) at end of year	(418,218)	1,530,515

FRESHWATER FISH MARKETING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1991

1. Authority, objectives and operations

The Corporation was established by the Freshwater Fish Marketing Act in 1969, as a corporation without share capital, for the purpose of marketing and trading in fish, fish products and fish by-products in and out of Canada. The Corporation is an agent Crown corporation named in Schedule III, Part I of the Financial Administration Act and is required to conduct its operations on a self-sustaining basis. Total loans outstanding from Canada and from banks may not exceed $30 million.

The Corporation has the exclusive right to market the products of the commercial fishery in the provinces participating in the program in inter-provincial and export trade. Participation of the provinces of Manitoba, Saskatchewan, Alberta and Ontario and the Northwest Territories was established by agreement with the Government of Canada.

2. Significant accounting policies

Inventories

Finished fish products are valued at the lower of cost and net realizable value. Packaging material and parts are valued at the lower of cost and replacement cost.

Amortization

Amortization is based on the estimated useful lives of the assets using the following methods and annual rates:

Buildings	—Lake stations	Straight-line	5-10%
	—Plants	Straight-line	2 1/2%
Equipment	—Machinery and office equipment	Declining balance	10-40%
	—Automotive	Declining balance	30%
Fresh fish delivery tubs		Straight-line	10%
Vessels		Straight-line	6 2/3%

Leasehold improvements are amortized on a straight-line basis over the term of the lease. Lease terms vary in length up to 20 years.

Payments to fishermen

The Corporation purchases fish at initial prices established by the Board of Directors and the cost of such purchases is included in the cost of sales. A guide used in the determination of the initial price is 80% of the projected total payments to fishermen (initial plus final), based upon forecasts prepared by the Corporation. Final payments, if any, to fishermen are determined by the Board after the end of the year, based on the results of operations for the year. The final payments are made in respect of products purchased during the year and therefore are charged to operations of the current year.

Foreign currency translation

Amounts receivable and payable denominated in foreign currency are translated into Canadian dollars at the year-end exchange rate. Transactions in foreign currency during the year are translated at the rate in effect at the time of the transactions. Foreign exchange gains and losses are included in interest expense.

Contributions

Contributions earned in respect of property, plant and equipment are credited to the cost of the assets; those received in respect of job creation programs are credited against salaries and wages expense.

3. Loan receivable

The loan receivable is secured by various property, plant and equipment and matures in 1995.

4. Property, plant and equipment

	1991			1990
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	263,065		263,065	263,065
Buildings	6,268,397	2,955,491	3,312,906	3,096,887
Equipment	11,972,981	7,481,810	4,491,171	4,400,200
Fresh fish delivery tubs	2,631,092	2,071,213	559,879	647,389
Vessels	66,820	21,096	45,724	47,881
Leasehold improvements	422,499	409,065	13,434	24,367
Construction in progress	547,011		547,011	359,552
	22,171,865	12,938,675	9,233,190	8,839,341

5. Working capital loans from Canada

These loans are made under Section 16(1) of the Act and bear interest at 10.96% (1990—11.49%). They are secured by promissory notes.

6. Loan payable

The loan payable is repayable in monthly instalments of $5,000 U.S. and bears interest at 9%. The loan is unsecured and matures in 1995.

7. Interest expense

	1991	1990
	$	$
Interest on working capital loans from Canada	2,086,039	2,054,426
Interest on loan payable	24,121	
Losses on foreign exchange	1,609	60,874
Interest income	(478,247)	(88,050)
	1,633,522	2,027,250

8. Income taxes

The Corporation is eligible to deduct for tax purposes a portion of its eligible capital cost allowance, and accordingly has no taxable income for the year. At April 30, 1991, the excess of undepreciated capital cost over net book value of property, plant and equipment amounted to $2,560,840 (1990—$2,702,432) which can be used to reduce future years' taxable income.

FRESHWATER FISH MARKETING CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1991—*Concluded*

9. Remuneration to foreign agents

During the year, the Corporation paid an aggregate amount of $726,529 (1990—$766,964) to the following foreign sales agents: Frohman International, Juhl Brokerage Incorporation, Associated Marketing Services Inc., R.M. Sloan Co., G&G Food Sales Company, Benolken Brokerage Company, X. Sea. Lnt International Corp., Performance Foods, Bocar Enterprises, Great Lakes Marketing, McMahon & MacDonald Food Brokers, D.B. Clark Sales, Kohlman Sales Co.—U.S.; I. LeGrand H. Malo et Cie—France; Lejos Oy—Finland; AB.P. Jorgensen—Sweden; Rud Kanzow Gmbh & Co.—Germany.

10. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

GREAT LAKES PILOTAGE AUTHORITY, LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Great Lakes Pilotage Authority, Ltd. as at December 31, 1990 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Pilotage Act and regulations, and the by-laws of the Authority.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
January 25, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current		
Cash and short-term deposits	1,585,280	2,981,250
Accounts receivable	1,179,588	1,289,972
	2,764,868	4,271,222
Capital assets, at cost		
Land and buildings	63,642	63,642
Furniture and equipment	143,618	133,997
	207,260	197,639
Less: accumulated amortization	169,082	155,458
	38,178	42,181
	2,803,046	4,313,403

LIABILITIES	1990	1989
	$	$
Current		
Accounts payable and accrued liabilities	2,253,587	2,240,092
Accrued employee termination benefits	36,327	107,750
	2,289,914	2,347,842
Long-term		
Accrued employee termination benefits	3,289,052	3,148,922
	5,578,966	5,496,764
SHAREHOLDER'S DEFICIENCY		
Capital stock		
Authorized—50 shares		
Issued and fully paid—15 shares	1,500	1,500
Contributed capital	82,074	82,074
Deficit	(2,859,494)	(1,266,935)
	(2,775,920)	(1,183,361)
	2,803,046	4,313,403

Approved by the Board:

R.G. ARMSTRONG
Director

G. ST. MARSEILLE
Director

GREAT LAKES PILOTAGE AUTHORITY, LTD.—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Revenues		
Pilotage charges	7,985,674	8,918,779
Interest and other income	213,897	264,008
Despatching and pilot boat income	174,914	182,404
	8,374,485	9,365,191
Expenses		
Pilots' salaries and benefits	7,122,508	6,826,702
Staff salaries and benefits	1,046,934	965,108
Transportation and travel	688,774	651,193
Pilot boat services	494,617	483,561
Employee termination benefits	305,299	337,419
Professional and special services	128,928	188,329
Rentals	53,484	50,591
Communications	53,205	53,169
Purchased despatching services	41,763	32,982
Utilities, materials and supplies	40,379	39,661
Pilot training costs	24,027	16,572
Amortization	13,625	13,603
Repairs and maintenance	10,124	16,315
Life insurance experience gain	(56,623)	(11,313)
	9,967,044	9,663,892
Loss for the year	(1,592,559)	(298,701)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Operating activities		
Cash provided from (used in) operations		
Loss for the year	(1,592,559)	(298,701)
Items not requiring cash		
Employee termination benefits accrual	305,299	337,419
Amortization	13,625	13,603
	(1,273,635)	52,321
Change in non-cash working capital items	123,879	26,997
Employee termination benefits payments	(236,592)	(145,902)
	(1,386,348)	(66,584)
Investing activities		
Net additions to capital assets	(9,622)	(27,631)
Decrease in cash	(1,395,970)	(94,215)
Cash and short-term deposits, beginning of year	2,981,250	3,075,465
Cash and short-term deposits, end of year	1,585,280	2,981,250

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Balance, beginning of the year as previously reported	(1,320,577)	(1,021,876)
Adjustment of prior year's loss (Note 3)	53,642	53,642
Balance, beginning of the year as restated	(1,266,935)	(968,234)
Loss for the year	(1,592,559)	(298,701)
Balance, end of the year	(2,859,494)	(1,266,935)

GREAT LAKES PILOTAGE AUTHORITY, LTD.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Authority and objectives

The Great Lakes Pilotage Authority was established in February 1972 pursuant to the Pilotage Act, incorporated as a limited company in May 1972, and is continued under the Canada Business Corporations Act. Pursuant to the Financial Administration Act, the Authority is a Crown corporation listed in Schedule III Part I thereto. The Authority is a subsidiary of The St. Lawrence Seaway Authority but is deemed to be a parent corporation within the meaning of the Financial Administration Act.

The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act provides that the pilotage tariffs shall be fair, reasonable and sufficient and together with any revenue from other sources, shall permit the Authority to operate on a self-sustaining financial basis.

The Authority is exempt from any income taxes.

2. Significant accounting policies

Parliamentary appropriations

Parliamentary appropriations received to finance the excess of expenditures over revenues are recorded in the year in which they are voted by Parliament. Any portion of the appropriations pertaining to operating expenditures is reflected in the statement of deficit. Any portion of the appropriations pertaining to the acquisition of fixed assets is recorded as contributed capital.

Amortization

Amortization of capital assets is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Furniture and equipment	5 to 10 years
Buildings	20 years

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. Contributions with respect to current service are expensed in the current period. Contributions with respect to past service benefits are expensed when paid.

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees. The current liability reflects the accrued termination benefits of only those employees who have indicated their intention to terminate their employment within the coming year.

Employee life insurance plan

The Authority provides a life insurance plan for its employees. Surpluses and deficits from the plan are included in the Statement of Operations in the year in which they are incured.

3. Adjustment of prior year's loss

During the year a decision was made by a Board of Arbitration in favour of the Authority concerning a grievance filed by the pilots in 1987. Accordingly, accrued liabilities at December 31, 1989 have been reduced by $53,642, with an offsetting credit to the opening deficit for 1989.

4. Pension plan

Under provisions of the Pilotage Act, pilots who became employees of the Authority are entitled to count certain service prior to becoming an employee as pensionable under the Public Service Superannuation Act. For pilots who elect to purchase pension benefits with respect to past service as licensed pilots, the Authority is required to match the employee contribution. The estimated unfunded past service pension contribution with respect to these pilots and other employees under the pension plan was approximately $192,500 as of December 31, 1990 (1989—$203,000) and will be funded over the remaining years of service of the pilots, or the terms of purchase, whichever is the lesser.

Pension expense was $434,713 (1989—$443,521) including $31,511 (1989—$45,805) for past service contributions.

5. Commitments

The Authority has a lease agreement for the rental of office space. Future minimum rental payments are:

	$
1991	44,977
1992	47,213
1993	49,435
1994	4,135
	145,760

In addition, the Authority has contract commitments of approximately $180,000 for the land transportation service for the next year. Tenders have also been requested for pilot boat services for the next two years. Expenditures for these services were approximately $315,000 in 1990.

6. Parliamentary appropriation

The Authority is seeking a parliamentary appropriation of $1.4 million for the cash operating loss for 1990.

7. Comparative figures

Comparative figures have been reclassified to conform with the current year's presentation.

HALIFAX PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Halifax Port Corporation as at December 31, 1990, and the statements of income and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations, the Canada Ports Corporation Act, and the by-laws of the Corporation.

Doane Raymond
Chartered Accountants

Halifax, Canada
January 28, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current		
Cash	796,402	239,827
Investments (Note 3)	7,788,502	7,134,531
Accounts receivable	2,517,733	2,604,428
Materials and supplies	105,608	133,269
	11,208,245	10,112,055
Investments (Note 3)	33,615	33,510
Fixed (Note 4)	58,723,495	59,273,611
	69,965,355	69,419,176

LIABILITIES	1990	1989
	$	$
Current		
Accounts payable and accrued liabilities	3,157,432	1,699,611
Grants in lieu of municipal taxes	335,768	250,008
Deferred revenues	539,777	940,711
Current portion of long-term debt	404,208	367,462
	4,437,185	3,257,792
Accrued employee benefits	701,831	664,314
Loans from Canada (Note 5)	2,714,506	3,118,714
	7,853,522	7,040,820
EQUITY OF CANADA		
Contributed capital (Note 6)	50,856,865	53,796,865
Surplus	11,254,968	8,581,491
	62,111,833	62,378,356
	69,965,355	69,419,176

Contingent liabilities (Note 7).

On behalf of the Board:

DONALD A. PARKER
Chairman

DAVID F. BELLEFONTAINE
President and Chief Executive Officer

HALIFAX PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND SURPLUS
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Revenue from operations	15,007,422	14,851,629
Operating and administrative expenses	8,851,002	7,440,556
Depreciation	2,104,449	2,215,426
Grants in lieu of municipal taxes	1,000,000	978,444
	11,955,451	10,634,426
Income from operations	3,051,971	4,217,203
Investment income	991,563	737,672
Interest expense	(348,617)	(382,023)
Gain on disposal of fixed assets	2,552	7,123
	645,498	362,772
Net income	3,697,469	4,579,975
Surplus, beginning of year	8,581,491	4,580,185
	12,278,960	9,160,160
Dividend to Canada	1,023,992	578,669
Surplus, end of year	11,254,968	8,581,491

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Operating activities		
Net income	3,697,469	4,579,975
Depreciation	2,104,449	2,215,426
Other	34,860	(22,413)
Decrease in operating components of working capital	66,792	1,166,559
Cash provided by operating activities	5,903,570	7,939,547
Financing activities		
Increase (decrease) in accounts payable	320,211	(311,276)
Loans from Canada	(367,462)	(334,057)
Dividend to Canada	(1,023,992)	(578,669)
Contributions to Canada	(1,470,000)	
Cash applied to financing activities	(2,541,243)	(1,224,002)
Investing activities		
Additions to fixed assets	(2,157,980)	(5,378,441)
Other	6,199	12,497
Cash applied to investing activities	(2,151,781)	(5,365,944)
Increase in cash and short-term investments	1,210,546	1,349,601
Cash and short-term investments, beginning of year	7,374,358	6,024,757
Cash and short-term investments, end of year	8,584,904	7,374,358

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990

1. In accordance with the Canada Ports Corporation Act, sections 6.1 and 6.2, a petition for the establishment of a local port corporation at the Port of Halifax was approved and the Halifax Port Corporation was established effective June 1, 1984.

   In accordance with the Canada Ports Corporation Act, the assets, liabilities and equity were transferred at their carrying values in the accounts of the Canada Ports Corporation—Port of Halifax to Halifax Port Corporation.

2. Significant accounting policies

   (a) Investments

   The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

   (b) Fixed assets

   Fixed assets are recorded at cost, except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

   Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

   (c) Pension costs

   All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

   (d) Grants in lieu of municipal taxes

   The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

   (e) Employee benefits

   The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay, annual leave, and overtime compensatory leave, which are payable to its employees in subsequent years under its collective agreements or in accordance with its policy.

HALIFAX PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

3. Investments

	1990		1989	
	Amortized cost	Face value	Amortized cost	Face value
	$	$	$	$
Short-term	7,778,502	8,115,100	7,134,531	7,474,800
Long-term	33,615	34,270	33,510	33,498

4. Fixed assets

	1990				1989
	Depreciation rates	Cost	Accumulated depreciation	Net book value	Net book value
	%	$	$	$	$
Land		24,441,887		24,441,887	24,441,887
Dredging	2.5-6.7	3,443,290	2,350,125	1,093,165	1,122,111
Berthing structures	2.5-10	35,120,246	19,079,438	16,040,808	16,625,264
Buildings	2.5-10	17,701,738	11,400,781	6,300,957	5,962,638
Utilities	3.3-10	5,934,454	2,435,755	3,498,699	3,644,161
Roads and surfaces	2.5-10	8,481,260	4,457,097	4,024,163	4,496,261
Machinery and equipment	5-100	8,388,112	6,320,424	2,067,688	2,680,171
Office furniture and equipment	20	1,123,698	971,364	152,334	152,808
Projects under construction		1,103,794		1,103,794	148,310
		105,738,479	47,014,984	58,723,495	59,273,611

5. Loans from Canada

	1990	1989
	$	$
10% loan maturing on December 31, 1996, repayable in blended annual principal and interest payments of $716,080	3,118,714	3,486,176
Less current portion repayable within one year	404,208	367,462
	2,714,506	3,118,714

The loans from Canada are unsecured.

6. Contributed capital

Under a deficit sharing initiative undertaken by the Government of Canada, the Corporation provided $2,940,000 during 1990 as a return on capital amounts previously contributed.

7. Contingent liabilities

(a) The Corporation has been named as one of the defendants in a lawsuit for damages for which the plaintiff has not quantified an amount. In the opinion of management this claim is without merit and therefore no provision has been made in the accounts.

(b) The Corporation has been assessed for approximately $625,000 grants in lieu of taxes in addition to the amounts provided for. In the opinion of management this assessment is not valid. The determination of additional amounts due, if any, is subject to the completion of a final audit and assessment by Public Works Canada, the outcome of which cannot be reasonably determined at this time.

8. Comparative figures

Certain of the 1989 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1990.

HARBOURFRONT CORPORATION

AUDITORS' REPORT

TO THE MINISTER OF PUBLIC WORKS

We have examined the consolidated balance sheet of Harbourfront Corporation as at March 31, 1991 and the consolidated statements of operations, contributed capital and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation and its subsidiaries that have come to our notice during our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the charter and by-laws of the Corporation and the management agreement dated June 13, 1980 as amended and renewed from time to time and expiring March 31, 1994.

Peat Marwick Thorne
Chartered Accountants

Toronto, Canada
June 25, 1991

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 25, 1991

CONSOLIDATED BALANCE SHEET MARCH 31, 1991
(with comparative figures for 1990)

ASSETS	1991	1990
	$	$
Current assets		
Cash and short-term investments	1,669,976	5,010,104
Receivable from Canada (Note 4)	671,950	4,165,179
Receivable from developers	1,654,909	928,675
Other receivables and assets	806,594	1,974,025
	4,803,429	12,077,983
Non-current assets		
Receivable from developers	11,715,926	12,404,952
Prepaid leases		290,000
Deferred development costs (Note 5)	4,095,874	5,081,988
Capital assets (Note 6)	186,053	1,196,696
	15,997,853	18,973,636
	20,801,282	31,051,619

LIABILITIES AND SHAREHOLDER'S EQUITY	1991	1990
	$	$
Current liabilities		
Accounts payable and accrued liabilities	3,542,049	3,177,674
Deferred revenues		2,652,750
	3,542,049	5,830,424
Loan from Canada (Note 7)	2,200,000	
SHAREHOLDER'S EQUITY		
Share capital (Note 8)	1	1
Contributed capital	29,429,663	31,934,861
Deficit	(14,370,431)	(6,713,667)
	15,059,233	25,221,195
	20,801,282	31,051,619

See accompanying notes to consolidated financial statements.

Approved by the Board:

WILLIAM J. McALEER
Director

W. DARCY McKEOUGH
Director

HARBOURFRONT CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 1991 (with comparative figures for 1990)

	1991	1990
	$	$
Revenues		
Commercial and other income	3,461,091	3,315,096
Parking income	2,702,077	2,697,565
Interest on receivables from developers	1,708,625	1,093,832
Other interest	326,218	439,064
	8,198,011	7,545,557
Expenses		
Commercial management	4,941,251	3,290,608
Corporate administration	2,120,198	1,615,463
Interest	59,814	
	7,121,263	4,906,071
Profit from continuing activities	1,076,748	2,639,486
Transferred activities (Note 9)	(8,733,512)	(7,791,239)
Net loss for the year	(7,656,764)	(5,151,753)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CONTRIBUTED CAPITAL AND DEFICIT YEAR ENDED MARCH 31, 1991 (with comparative figures for 1990)

	1991	1990
	$	$
Contributed capital		
Balance, beginning of year	31,934,861	32,493,635
Period development and other public infrastructure costs	(2,455,722)	(4,207,774)
Parliamentary appropriations from Canada		
Additional operating costs	2,000,000	
Cost of reorganization	1,648,932	
Capital		3,649,000
Transfer of net assets to Harbourfront Corporation (1990) (Notes 2 and 9)	(1,498,408)	
Contribution to Harbourfront Corporation (1990) (Note 2)	(2,200,000)	
Balance, end of year	29,429,663	31,934,861
Deficit		
Balance, beginning of year	(6,713,667)	(1,561,914)
Net loss for the year	(7,656,764)	(5,151,753)
Balance, end of year	(14,370,431)	(6,713,667)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED MARCH 31, 1991 (with comparative figures for 1990)

	1991	1990
	$	$
Operating		
Profit from continuing activities	1,076,748	2,639,486
Amortization	144,575	129,441
	1,221,323	2,768,927
Other receivables and assets	1,167,431	(584,455)
Accounts payable and accrued liabilities	364,375	33,693
Interest receivable on the Harbourfront Capital Account	150,161	750,523
	2,903,290	2,968,688
Investing		
Investment in capital assets	468,488	(316,209)
Harbourfront Capital Account		
Deposits	(204,622)	(4,412,253)
Withdrawals	4,164,622	7,253,321
	4,428,488	2,524,859
Financing		
Loan from Canada	2,200,000	
	2,200,000	
Contributed capital		
Period development and other public infrastructure costs	(2,455,722)	(4,207,774)
Parliamentary appropriations from Canada	3,648,932	3,649,000
Transfer of net assets to Harbourfront Corporation (1990)	(1,498,408)	
Contribution to Harbourfront Corporation (1990)	(2,200,000)	
Deferred development costs	986,114	(633,763)
Receivable from developers	(37,208)	4,111,043
	(1,556,292)	2,918,506
Cash provided by continuing activities	7,975,486	8,412,053
Cash used in transferred activities	(11,315,614)	(5,281,968)
Cash and short-term deposits, beginning of year	5,010,104	1,880,019
Cash and short-term deposits, end of year	1,669,976	5,010,104

See accompanying notes to consolidated financial statements.

HARBOURFRONT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991

1. The Corporation

Harbourfront Corporation (the "Corporation"), continued under the Canada Business Corporations Act December 21, 1984, is a parent Crown corporation listed under Part I of Schedule III to the Financial Administration Act. The share capital of the Corporation is held by Her Majesty the Queen in right of Canada ("Canada") as represented by the Minister of Public Works. The Corporation is exempt from corporate income tax.

2. Activities of the Corporation

The Corporation owns and operates, or operates on behalf of Canada, the Harbourfront site which totals approximately 100 acres and occupies a central position on the Toronto waterfront. The Corporation operates under a Management Agreement with Canada dated June 13, 1980, as amended and renewed from time to time, and expiring March 31, 1994. Title to the lands which comprise the Harbourfront site is held by Canada with the exception of parkland and public infrastructure conveyed to municipal governments and certain lands transferred to the Corporation by Canada.

In recent years, the Corporation has been the subject of a number of studies by various levels of government. In addition, regulatory restrictions have been placed from time to time on the development of Harbourfront lands. On December 13, 1989, the Province of Ontario imposed a development freeze on all of the Harbourfront lands and subsequently initiated a study on the future of the Corporation and the ultimate disposition of the Harbourfront site and the Corporation's activities. The results of this study were released in a report dated March 1990. The report recommended, among other things, the removal of three contemplated condominium projects from the south side of Queen's Quay West in exchange for rights to certain commercial and residential developments on the north side of Queen's Quay West, the conveyance of these south side properties to the City of Toronto as public space and the separation of the Corporation's programming activities from its land development activities.

In April 1990, the federal government appointed its representative to assess and make recommendations regarding the provincial report. The resulting report was completed and accepted by the federal government in November 1990. It proposed a reorganization of the Corporation into three entities. The first entity, a not-for-profit company to be known as Harbourfront Corporation (1990) ("Harbourfront '90"), would carry on the Corporation's existing public programming activities on a 10 acre site at Harbourfront. The second entity, a charitable foundation ("Harbourfront Foundation"), would be responsible for managing the funds generated on the disposition of the Corporation's remaining real estate assets and would make ongoing contributions from that fund to support the public programming activities of Harbourfront '90. The third entity would be the remaining Corporation after the assets and liabilities which were used exclusively in connection with public programming were transferred to Harbourfront '90.

The recommendations contained in the federal report are being implemented with the result that effective January 1, 1991 the public programming activities and related net assets of the Corporation were conveyed to Harbourfront '90 (Note 9). The Corporation's objective is to dispose of the remaining assets of the Corporation in an orderly fashion, transferring the resulting funds to the Harbourfront Foundation. Canada has agreed to reimburse the Corporation for the costs of the reorganization. Legislation providing for the sale of any or all assets and the dissolution of the Corporation was passed by the House of Commons on May 23, 1991. The report contemplates that for a three year period commencing January 1, 1991, the Corporation will make a financial contribution to Harbourfront '90 in the amount of $8,800,000 per annum. In the three months ended March 31, 1991, the Corporation made a contribution of $2,200,000 to Harbourfront '90.

As part of the implementation process, the Corporation is currently renegotiating certain existing development contracts and certain other agreements. The consequences of these negotiations have not been reflected in these consolidated financial statements.

3. Accounting policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies of the Corporation are as follows:

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries.

(b) Revenue recognition

Revenues from commercial activities are recognized as the related services are provided.

(c) Development proceeds and costs

All development proceeds and costs directly attributable to a project are deferred until approval of the related development agreement is received from Canada, at which time, the proceeds are recorded, net of related development costs, as contributed capital. Development costs not attributable to a particular project are charged to contributed capital as incurred.

(d) Parkland and public infrastructure

Cost related to parkland and public infrastructure expected to be conveyed are deferred and charged to contributed capital when title is passed to the appropriate local or regional governments. All other public infrastructure costs are charged to contributed capital as incurred.

(e) Parliamentary appropriations

Parliamentary appropriations, made from time to time by Canada in its capacity as shareholder, are recorded as contributed capital.

(f) Contributions to Harbourfront '90

Capital and operating contributions to Harbourfront '90 are charged to contributed capital.

HARBOURFRONT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

(g) Capital assets

Capital assets are recorded at cost. Amortization is calculated on the straight-line basis over the estimated useful life of each asset. Transfers of land to the Corporation from Canada, required to facilitate certain development agreements, are recorded at a nominal cost.

4. Receivable from Canada

	1991	1990
	$	$
Deposit in the Harbourfront Capital Account	38,029	3,998,029
Interest receivable on the Harbourfront Capital Account	16,989	167,150
Cost of the reorganization	616,932	
	671,950	4,165,179

5. Deferred development costs

	1991	1990
	$	$
Deferred costs of projects under development	555,441	713,676
Deferred costs of parkland and public infrastructure	3,540,433	4,368,312
	4,095,874	5,081,988

6. Capital assets

	1991	1990
	$	$
Land and buildings	1	3,658,960
Equipment	651,335	2,468,032
	651,336	6,126,992
Less government grants and corporate sponsorship		3,459,110
	651,336	2,667,882
Less accumulated amortization	465,283	1,471,186
	186,053	1,196,696

7. Loan from Canada

Date of loan	Principal of loan	Interest rate	Maturity
	$	%	
January 10, 1991	2,200,000	10.46	January 10, 1996

The Corporation may borrow up to $3,700,000 for the year ended March 31, 1991 from the Consolidated Revenue Fund to fund its operations and its financial contributions to Harbourfront '90. Loans bear interest, payable semi-annually, at the Consolidated Revenue Fund lending rate established by the Minister of Finance at the time the funds are drawn. Borrowings are for terms not to exceed five years. Upon the disposition of any real property, the Corporation must, within fourteen days, use the net proceeds realized to repay the loans to the extent possible. Each loan is secured by a debenture of the Corporation in favour of the Receiver General for Canada. The Corporation may prepay the loan or any part thereof at any time without penalty upon fourteen days' prior notice.

Interest accrued to March 31, 1991 in the amount of $50,437 is included in accounts payable and accrued liabilities.

8. Share capital

As at March 31, 1991, the authorized share capital of the Corporation consists of 500,000 (1990—500,000) common shares without par value of which 215,500 (1990—215,500) shares are issued and fully paid for consideration of $1 (1990—$1).

9. Transferred activities

Responsibility for all public programming activities and the related net assets were transferred to Harbourfront '90 pursuant to the Asset Transfer Agreement dated December 31, 1990 between the Corporation and Harbourfront '90. The contributed capital of the Corporation has been reduced by the carrying value of the net assets transferred.

The significant accounting policies related to transferred activities are as follows:

(a) Revenue recognition

Revenues from public programming activities are recognized on performance of the related event. Revenues from public facilities are recognized as the related services are provided.

(b) Government funding and corporate sponsorship

Grants and sponsorship income are recorded as receivable when receipt is reasonably assured. Grants and sponsorship income are recognized as revenue on performance of the related event or over the period being funded, as appropriate. Grants and sponsorships related to specific capital projects are applied against the cost of those projects.

(c) Capital assets

Capital assets are recorded at cost, net of related government grants and corporate sponsorship. Amortization is calculated on the straight-line basis over the estimated useful life of each asset.

The net assets transferred to Harbourfront '90 include:

	$
Working capital	376,384
Capital assets	978,075
Investment in programming subsidiaries	143,949
	1,498,408

HARBOURFRONT CORPORATION—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

The results of public programming activities and costs of the reorganization to December 31, 1990 were:

	Nine months ended December 31, 1990	Year ended March 31, 1990
	$	$
Revenues		
Event admissions	1,690,112	2,105,798
Corporate sponsorships	1,472,807	2,619,971
Government grants	824,578	1,014,381
Other income	1,061,256	1,220,667
Facility rentals	398,761	769,124
	5,447,514	7,729,941
Expenses		
Event production	5,618,228	6,279,333
Event administration	896,643	1,301,102
Marketing	2,399,949	2,798,106
Operation of facilities	3,134,650	4,558,598
Corporate administration	482,624	584,041
	12,532,094	15,521,180
Results for the period	(7,084,580)	(7,791,239)
Costs of the reorganization	(1,648,932)	
Transferred activities	(8,733,512)	(7,791,239)

10. Litigation

The Corporation is a defendant in a number of legal actions and, in a number of instances, has instituted counterclaims. In the opinion of management, these actions will not have a material adverse effect on the financial position of the Corporation.

11. Comparative figures

Certain of the 1990 financial statement balances presented for comparative purposes have been reclassified to conform to the current financial statement presentation.

12. Cumulative contributions by Canada

The following unaudited information has been supplied by the Department of Public Works:

	Fiscal 1972 to 1980	Fiscal 1981 to 1991	Total
	(in millions of dollars)		
Land acquisition	54.4		54.4
Operating and capital expenditures	21.5	7.2	28.7
Operating contributions		8.5	8.5
Development and land acquisition contributions		51.3	51.3
	75.9	67.0	142.9

Amounts contributed subsequent to fiscal 1980 represent expenditures pursuant to the Management Agreement between the Corporation and Canada.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the International Centre for Ocean Development and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared in accordance with accounting principles which are generally accepted in Canada and which have been consistently applied. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. In addition, the Audit and Evaluation Committee of the Board oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon.

Gary C. Vernon
President

AUDITOR'S REPORT

TO THE MINISTER FOR EXTERNAL RELATIONS

I have audited the balance sheet of the International Centre for Ocean Development as at March 31, 1991 and the statements of operations, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Centre that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the International Centre for Ocean Development Act, and the by-laws of the Centre.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 29, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash	1,777,485	1,062,190
Accounts receivable		
Canadian International Development Agency	854,355	590,694
Other	87,028	124,637
	2,718,868	1,777,521

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	1,488,248	1,197,732
Advances from Canadian International Development Agency	1,044,443	11,921
	2,532,691	1,209,653
EQUITY		
Surplus	186,177	567,868
	2,718,868	1,777,521

Operating leases (Note 5).
Contractual commitments (Note 6).

Approved by the Board:

JOHN H. VANDERMEULEN
Director

ELISABETH MANN BORGESE
Director

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Expenses		
International Centre for Ocean Development program activities (Schedule A attached)		
West Africa/Indian Ocean Division	2,657,201	1,721,401
South Pacific/Caribbean Basin Division	4,480,452	3,645,615
Interregional and Cooperative Activities Division	2,361,343	2,145,219
Corporate programs	1,240,515	613,108
Total International Centre for Ocean Development program activities	10,739,511	8,125,343
Programs managed on behalf of Canadian International Development Agency (Schedule B attached)	2,167,420	2,198,628
Total program activities	12,906,931	10,323,971
Administrative services (Schedule C attached)	2,002,226	1,549,274
Total expenses	14,909,157	11,873,245
Revenues		
Canada International Development Agency recoveries	2,167,420	2,198,628
Interest and other income	160,046	96,869
Total revenues	2,327,466	2,295,497
Cost of operations for the year	12,581,691	9,577,748

STATEMENT OF SURPLUS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Surplus at beginning of the year	567,868	45,616
Parliamentary appropriations (Note 3)	12,200,000	10,100,000
	12,767,868	10,145,616
Cost of operations for the year	12,581,691	9,577,748
Surplus at end of the year	186,177	567,868

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Financing activities		
Parliamentary appropriations	12,200,000	10,100,000
Operating activities		
Cost of operations for the year	(12,581,691)	(9,577,748)
Decrease in non-cash working capital items	1,096,986	247,225
	(11,484,705)	(9,330,523)
Increase in cash	715,295	769,477
Cash at beginning of the year	1,062,190	292,713
Cash at end of the year	1,777,485	1,062,190

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and objectives

The International Centre for Ocean Development was established by the International Centre for Ocean Development Act in 1985 as a Crown corporation without share capital, named in Part I of Schedule III to the Financial Administration Act and is exempt from the provisions of the Income Tax Act. The Centre is dependent on the Government of Canada for operating appropriations.

The objectives of the Centre are to initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development by:

(a) initiating and supporting programs in developing countries for the improved management and utilization of ocean resources, particularly as a source of food;

(b) supporting the development of indigenous expertise and institutions in developing countries in order to increase the capacity of developing countries in integrated ocean use management;

(c) enlisting the expertise of people and institutions in Canada, developing countries and elsewhere;

(d) developing and sponsoring the collection and dissemination of information relating to ocean resource development;

(e) developing and sponsoring training programs, technical assistance and advisory services relating to ocean resource development; and

(f) supporting research relating to ocean resource development.

2. Significant accounting policies

The financial statements reflect the following policies:

(a) Capital expenditures

Purchases of equipment, office furniture, and costs of leasehold improvements are expensed in the year of acquisition.

(b) Parliamentary appropriations

Parliamentary appropriations are recorded in the Statement of Surplus for the year to which they apply.

(c) Project expenditures

The Centre enters into agreements with third parties to undertake projects. Project expenditures are charged to operations when disbursed and as they become due under the terms of the contractual agreement.

(d) Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required equally from the employees and the Centre. These contributions represent the total liability of the Centre and are recognized in the accounts on a current basis.

(e) Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Foreign administrative expenses are translated using the weighted average of exchange rates in effect at the date of transfer to the Centre's foreign office. The resulting foreign currency translation gains and losses are included in the results of operations.

(f) Recognition of recoveries

Revenue in respect of projects is recognized at the time the related expenses are incurred. Revenues received in excess of expenses are included in current liabilities.

3. Parliamentary appropriation

The Government of Canada approved a parliamentary appropriation in the amount of $12,300,000 and the Centre utilized $12,200,000 which was the result of an $100,000 expenditure reduction determined by the Centre pursuant to a request from the Priorities and Planning Committee of Cabinet.

4. Contributed surplus

Pursuant to the approval of the Minister for External Relations, the contributed surplus of $54,227 has been transferred to surplus, effective March 13, 1989. Contributed surplus represented the net book value of assets contributed to the Centre by the predecessor, non-government organization, International Centre for Ocean Development.

5. Operating leases

The Centre has entered into various operating lease arrangements for office premises and equipment. The future minimum lease payments are as follows:

Year ending March 31	$
1992	468,480
1993	477,367
1994	477,727
1995	467,884
1996	446,371
	2,337,829

6. Contractual commitments

The Centre approved or has committed by agreement to the following project expenditures, subject to the execution of contractual documents or compliance by recipients with the terms of their agreements.

Year ending March 31	$
1992	6,330,459
1993	4,484,899
1994	1,844,840
1995	1,264,670
1996	786,100
	14,710,968

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Continued*

PROGRAM EXPENSES
FOR THE YEAR ENDED MARCH 31, 1991

SCHEDULE A

	Program administration	Program development	Program evaluation	Field office	Projects	Total 1991	Total 1990
	$	$	$	$	$	$	$
Program divisions							
West Africa/ Indian Ocean	789,640	250,544		68,798	1,548,219	2,657,201	1,721,401
South Pacific/ Caribbean Basin	891,189	200,277	45,127	69,502	3,274,357	4,480,452	3,645,615
Interregional and cooperative activities	549,361	138,376	5,690		1,667,916	2,361,343	2,145,219
Total divisional activities	2,230,190	589,197	50,817	138,300	6,490,492	9,498,996	7,512,235
Corporate programs							
Communications and publications						456,872	303,458
Policy and planning						369,969	195,992
Information Resource Centre						148,173	70,664
Program evaluation						130,951	
Business cooperation						123,664	
Corporate initiatives						10,886	42,994
						1,240,515	613,108
						10,739,511	8,125,343

PROGRAMS MANAGED ON BEHALF OF
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY
FOR THE YEAR ENDED MARCH 31, 1991 SCHEDULE B

Project number	Project name	1991	1990
		$	$
	South Pacific/Caribbean Basin		
880223	Canada-South Pacific Ocean Development Project	1,787,730	1,916,589
880235	Caribbean Regional Marine Resource Assessment	13,790	38,158
890374	Caribbean Fishery Resources Assessment and Management Program	105,807	
		1,907,327	1,954,747
	Interregional and Cooperative Activities		
860097	World Maritime University African Scholarships		24,486
870167	World Maritime University Global Scholarships	32,468	98,408
880262	World Maritime University Global Scholarships	227,625	120,987
		260,093	243,881
		2,167,420	2,198,628

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Concluded*

ADMINISTRATIVE SERVICES
FOR THE YEAR ENDED MARCH 31, 1991

SCHEDULE C

	Salaries and benefits	Equipment	Other related costs	Total 1991	Total 1990
	$	$	$	$	$
Finance	307,010	65,185	534,924	907,119	378,598
Executive	349,428	31,880	205,798	587,106	578,364
Human resource development	156,142	39,961	94,846	290,949	473,213
Legal	143,967	24,325	48,760	217,052	119,099
	956,547	161,351	884,328	2,002,226	1,549,274

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

AUDITOR'S REPORT

TO THE INTERNATIONAL DEVELOPMENT RESEARCH CENTRE
AND THE
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have audited the balance sheet of the International Development Research Centre as at March 31, 1991 and the statements of operations, equity and changes in the financial position for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 3, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash and short-term deposits (Note 3)	16,894,314	14,115,678
Accounts receivable	1,409,170	1,040,856
Prepaid expenses	882,017	849,248
	19,185,501	16,005,782
Recoverable deposits	175,976	206,894
Property and equipment (Note 4)	5,031,677	5,477,839
Endowment funds (Note 5)	293,041	433,475
	24,686,195	22,123,990

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities (Note 6)	10,225,827	11,303,825
Contract research (Note 7)	650,181	1,426,291
	10,876,008	12,730,116
Accrued employee separation benefits	2,941,320	2,623,128
Deferred rent—Head Office	2,007,001	2,311,918
Endowment funds (Note 5)	293,041	433,475
	16,117,370	18,098,637
EQUITY		
Equity of Canada	8,568,825	4,025,353
	24,686,195	22,123,990

Contractual commitments (Note 9).

Approved:

JAMES MULLEN
Acting President

ANTOINE HAWARA
Treasurer

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Expenses		
Development-research activities		
Project grants	56,382,561	63,424,558
Centre projects	5,408,936	5,757,433
Contract research (Note 7)	5,133,337	9,276,881
	66,924,834	78,458,872
Research-related activities		
Technical support	13,169,049	13,762,411
Program-development support	5,739,734	6,683,451
Information dissemination	3,899,706	3,045,514
Development-research library	1,723,452	1,765,694
	24,531,941	25,257,070
Research operational support		
Regional offices	8,047,720	8,728,412
Division management	6,976,142	7,378,419
	15,023,862	16,106,831
Total research and support expenses	106,480,637	119,822,773
General management expenses	11,517,091	11,123,682
	117,997,728	130,946,455
Revenue		
Grant from Parliament of Canada	114,130,000	108,500,000
Investment and other income	3,277,863	3,306,151
Contract research (Note 7)	5,133,337	9,276,881
	122,541,200	121,083,032
Excess of revenue over expenses (expenses over revenue)	4,543,472	(9,863,423)

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Balance at the beginning of the year	4,025,353	13,888,776
Excess of revenue over expenses (expenses over revenue)	4,543,472	(9,863,423)
Balance at the end of the year	8,568,825	4,025,353

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Cash provided by (used in) operations		
Excess of revenue over expenses (expenses over revenue)	4,543,472	(9,863,423)
Items not affecting cash		
Amortization of property and equipment	1,374,701	1,322,278
Provision for employee separation benefits	494,327	303,142
Loss (gain) on disposal of equipment	(121,724)	28,508
Amortization of deferred rent	(304,917)	(304,917)
	5,985,859	(8,514,412)
Changes in non cash operating assets and liabilities		
Accounts receivable	(368,314)	(152,203)
Prepaid expenses	(32,769)	545,412
Recoverable deposits	30,918	(23,464)
Accounts payable and accrued liabilities	(1,077,998)	(1,069,871)
Payment of employee separation benefits	(176,135)	(402,693)
Contract research liability	(776,110)	(1,106,037)
	(2,400,408)	(2,208,856)
Cash provided by (used in) operations	3,585,451	(10,723,268)
Investing activities		
Additions to property and equipment	(1,041,560)	(2,336,333)
Proceeds on disposal of equipment	234,745	278,192
	(806,815)	(2,058,141)
Increase (decrease) in cash	2,778,636	(12,781,409)
Cash and short-term deposits at the beginning of the year	14,115,678	26,897,087
Cash and short-term deposits at the end of the year	16,894,314	14,115,678

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Continued*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1991

1. Authority and objective

The International Development Research Centre, a Corporation without share capital, was established in 1970 by the Parliament of Canada through the International Development Research Centre Act. The annual grant received from the Parliament of Canada is pursuant to External Affairs Vote 60 and 50 for the years ended March 31, 1991 and 1990 respectively.

The objective of the Centre is to initiate, encourage, support, and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical, and other knowledge to the economic and social advancement of those regions.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, conforming with International Accounting Standards, and reflect the following significant accounting policies.

Property and equipment

Property and equipment are recorded at cost and amortized over their estimated useful lives. Leasehold improvements are amortized over the terms of the respective leases. The methods and rates used to provide for the amortization of property and equipment are:

	Method	Rate(%)
Computer equipment	Straight-line	20
Leasehold improvements	Straight-line	5-50
Office furniture and equipment	Diminishing balance	20
Vehicles	Diminishing balance	30
Telephone system	Straight-line	20

Recognition of revenue

Parliamentary grants are recorded as revenue on an accrual basis.

Revenue in respect of contract research is recognized at the time the related project expenses are incurred. Contract research funds received in excess of expenses are included in current liabilities.

Accrued employee separation benefits

Employees are entitled to specified termination benefits, calculated at salary levels in effect at the time of separation as provided for by conditions of employment. The liability for these benefits is recorded as the benefits accrue to employees.

Deferred rent

Any rent-free period or other benefits associated with long-term leases are deferred and amortized over the term of the lease on a straight-line basis.

Pension costs

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from the employees and the Centre. These contributions represent the total liability of the Centre and are recognized in the accounts on a current basis.

Income taxes

The Centre is exempt from any liability for income taxes.

Foreign-currency translation

Foreign-currency transactions are translated into Canadian dollars by the use of an average exchange rate that closely approximates the rate in effect at the transaction date. Monetary assets and liabilities are adjusted to reflect the rate of exchange in effect at year-end. Exchange gains and losses are included in operations for the current year.

3. Cash and short-term deposits

	1991	1990
	$	$
Cash (bank overdraft)	(465,070)	(659,105)
Short-term deposits		
Canadian banks	8,530,333	11,648,255
Commercial companies	6,754,895	
Foreign-owned banks	2,074,156	2,151,598
Federal and Provincial governments		974,930
	16,894,314	14,115,678

4. Property and equipment

	1991			1990
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Computer equipment	5,818,074	2,767,285	3,050,789	3,021,759
Office furniture and equipment	1,844,228	1,141,245	702,983	692,713
Leasehold improvements	1,303,313	518,161	785,152	988,617
Vehicles	984,160	571,597	412,563	636,771
Telephone system	833,577	753,387	80,190	137,979
	10,783,352	5,751,675	5,031,677	5,477,839

Amortization for the year amounted to $1,374,701 (1990, $1,322,278).

5. Endowment funds

In 1987, the estate of the late John Bene established a fund to provide a postgraduate fellowship in the field of social forestry. During the same year, a former member of the Board of Governors of the Centre established a fund for applied or mission-oriented research. Last year, the Centre received a contribution from the V International Conference on AIDS (acquired immune deficiency syndrome), which was used to establish a fund for the purpose of AIDS research in the Third World.

	1991	1990
	$	$
Balance at the begining of the year	433,475	165,441
Donations received		255,958
Interest income	48,816	22,076
Expenses	(189,250)	(10,000)
Balance at the end of the year	293,041	433,475
John Bene	161,006	160,170
Governor	19,267	17,201
AIDS	112,768	256,104
Total endowment funds	293,041	433,475

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1991—*Concluded*

6. Accounts payable and accrued liabilities

	1991	1990
	$	$
Accrued liabilities—Projects	6,686,751	6,983,667
Accrued annual and other leave benefits	1,472,304	1,390,149
Other	2,066,772	2,930,009
	10,225,827	11,303,825

7. Contract research

Contract research relates to research conducted or managed by the Centre and to the V International Conference on AIDS organized by the Centre. These are funded by other international agencies, the Canadian International Development Agency (CIDA), and other federal government entities.

Contract research expenses of $5,133,337 (1990, $9,276,881) include $4,681,921 (1990, $2,909,740) expended on behalf of CIDA. In addition, the Centre received $146,646 (1990, $49,971) as an administration fee from CIDA, which is included in investment and other income.

Contract research current liabilities of $650,181 (1990, $1,426,291) include $139,266 (1990, nil) related to AIDS activities. Contract research liabilities do not include any amounts related to CIDA activities (1990, $1,043,422), rather, receivables of $264,676 related to contract research activities on behalf of CIDA have been included in accounts receivable in 1991.

8. Operating leases

The Centre has entered into various lease arrangements for office premises, equipment, and staff accommodation in Canada and in various countries. The total annual payments under such lease arrangements will be:

Year ending March 31	$
1992	6,194,140
1993	5,500,868
1994	5,051,369
1995	5,005,147
1996	5,046,551
1997-2000	8,520,433
	35,318,508

9. Contractual commitments—Project grants and program development

The Centre is committed to make payments up to $105.2 million during the next 4 years subject to funds being provided by Parliament and subject to compliance by recipients with the terms of project agreements. The Centre has also submitted formal grant offers to prospective recipients totaling $14.8 million and is awaiting acceptance of these offers.

LAURENTIAN PILOTAGE AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Laurentian Pilotage Authority as at December 31, 1990 and the statements of operations, contributed capital, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Pilotage Act and regulations and the by-laws of the Authority.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 8, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current		
Accounts receivable	4,197,331	5,305,157
Receivable from Canada (Note 4)	375,000	
	4,572,331	5,305,157
Capital (Note 3)		
Land, buildings, pilot boats and other facilities	2,280,897	2,228,240
Less: accumulated amortization	1,737,817	1,585,411
	543,080	642,829
	5,115,411	5,947,986

LIABILITIES	1990	1989
	$	$
Current		
Bank indebtedness	1,316,093	760,194
Accounts payable	4,421,225	5,626,233
	5,737,318	6,386,427
Provision for employee termination benefits	686,000	685,000
	6,423,318	7,071,427
EQUITY DEFICIENCY OF CANADA		
Contributed capital	1,101,016	1,064,717
Deficit	(2,408,923)	(2,188,158)
	(1,307,907)	(1,123,441)
	5,115,411	5,947,986

Approved by the Authority:

JACQUES CHOUINARD
Chairman

RAYMOND BUISSONNEAULT
Member

LAURENTIAN PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Revenues		
Pilotage charges	28,487,007	27,956,518
Interest and other revenues	102,251	41,532
Rewards for rescuing ships in distress—Net		5,959
	28,589,258	28,004,009
Expenses		
Pilots' fees, salaries and benefits	24,597,266	23,908,004
Operating costs of pilot boats	3,071,431	2,857,596
Staff salaries and benefits	1,756,995	1,622,745
Professional services and members' allowances	546,844	536,682
Rentals	208,477	265,424
Transportation, travel and hospitality	222,038	222,225
Communications	158,246	152,316
Utilities, material and supplies	74,109	83,777
Maintenance	43,976	42,492
Financing costs	33,518	34,174
Bad debts	14,095	12,531
Other	94,319	101,935
	30,821,314	29,839,901
Net loss for the year	2,232,056	1,835,892

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Balance at beginning of the year	1,064,717	1,021,387
Parliamentary appropriation to finance the previous year's acquisition of capital assets (Note 4)	36,299	43,330
Balance at end of the year	1,101,016	1,064,717

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Balance at beginning of the year	2,188,158	1,896,011
Net loss for the year	2,232,056	1,835,892
Parliamentary appropriation to finance the operating deficit (Note 4)		
—Previous year	(1,636,291)	(1,543,745)
—Current year	(375,000)	
Balance at end of the year	2,408,923	2,188,158

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Operating activities		
Net loss for the year	2,232,056	1,835,892
Non-cash items		
Amortization of capital assets	(157,434)	(166,601)
Increase in the provision for employee termination benefits	(1,000)	(33,000)
	2,073,622	1,636,291
Increase (decrease) in accounts receivable	(732,826)	1,407,150
Decrease (increase) in accounts payable	1,205,008	(1,581,292)
	2,545,804	1,462,149
Investing activities		
Additions to capital assets—Net	57,685	36,299
Financing activities		
Parliamentary appropriation	(2,047,590)	(1,587,075)
Bank indebtedness		
Increase (decrease) for the year	555,899	(88,627)
Balance at beginning of the year	760,194	848,821
Balance at end of the year	1,316,093	760,194

LAURENTIAN PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Authority and activities

The Laurentian Pilotage Authority was established in February 1972 under the Pilotage Act. Its objectives are to establish, operate, maintain and administer in the interests of safety an efficient pilotage service within certain designated Canadian waters in and around the Province of Quebec. The Act provides that pilotage tariffs shall be fair and reasonable and assure a revenue which, together with any revenue from other sources, is sufficient to permit the Authority to operate on a self-sustaining basis.

The Authority is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

2. Significant accounting policies

Capital assets

Capital assets obtained from Canada when the Authority was established were recorded at the then assigned values. Capital assets purchased subsequently by the Authority are recorded at cost.

Capital assets are amortized using the straight-line method, at rates based on the estimated useful lives of the assets.

Contributed capital

The values assigned to the capital assets obtained from Canada when the Authority was established and the net cost of capital assets financed from parliamentary appropriations are recorded as contributed capital.

Parliamentary appropriations

Parliamentary appropriations received to finance the excess of expenditures over revenues are recorded in the year in which they are voted by Parliament, to contributed capital for that portion pertaining to the acquisition of capital assets and to the deficit for that pertaining to operations. In this respect, operating expenditures include only those which require an outlay of funds.

Pension plan

Employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the Authority contribute equally to the cost of the Plan. This contribution represents the total liability of the Authority. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

3. Capital assets

Details of capital assets are as follows:

	1990			1989
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	9,300		9,300	9,300
Buildings	38,056	27,156	10,900	9,335
Pilot boats	1,417,538	1,165,014	252,524	349,902
Furniture and fixtures	181,425	99,582	81,843	68,580
Communications equipment	159,852	118,182	41,670	42,432
Boarding facilities	223,634	161,308	62,326	68,944
Wharf improvements	169,033	84,516	84,517	92,968
Leasehold improvements	82,059	82,059		1,368
	2,280,897	1,737,817	543,080	642,829

Amortization for the year is $157,434 ($166,601 in 1989).

The estimated useful lives for the principal categories of capital assets for the purposes of calculating amortization are as follows:

Buildings	10 years
Pilot boats	10 and 15 years
Furniture and fixtures	10 years
Communications equipment	10 years
Boarding facilities	10 and 20 years
Wharf improvements	20 years
Leasehold improvements	duration of the leases

4. Parliamentary appropriation

In the Estimates for 1990-91, the Parliament approved an appropriation of $ 375,000 to cover the Authority's cash deficit for the year 1990. On February 6, 1991, the Treasury Board approved an appropriation up to $2 million in the Supplementary Estimates for 1990-91 to cover the balance of the Authority's cash deficit for the year 1990.

5. Contingencies

In connection with its operations, the Authority is the claimant or defendant in certain pending claims and lawsuits. It is the opinion of Management that these actions will not result in any material liabilities to the Authority.

6. Comparative financial data

Certain amounts pertaining to the fiscal year ended December 31, 1989, have been reclassified to conform with the presentation adopted for the fiscal year ended December 31, 1990.

MARINE ATLANTIC INC.

MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

The consolidated financial statements presented in this annual report are the responsibility of Marine Atlantic Inc.'s management. They have been approved by its board of directors.

Management prepared the consolidated financial statements in accordance with generally accepted accounting principles in Canada. The financial information contained in the annual report is consistent with the data presented in the financial statements.

Marine Atlantic Inc. maintains books of account, systems of information, systems of financial and management control, as well as a comprehensive internal audit program which provide reasonable assurance that accurate financial information is available, that assets are protected, that resources are managed efficiently, and that transactions are conducted in accordance with relevant legislation and the Corporation's articles of incorporation and by-laws.

The board of directors oversees internal audit activities through its audit committee. The committee reviews matters related to accounting, auditing, internal control systems, and the financial statements and annual report of the independent external auditors.

D.J. Weaver
Vice-President Finance and Administration

Terry W. Ivany
President and Chief Executive Officer

AUDITORS' REPORT

TO THE MINISTER OF TRANSPORT

We have audited the consolidated balance sheet of Marine Atlantic Inc. as at December 31, 1990 and the consolidated statements of earnings, deficit and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation and of its wholly-owned subsidiaries that have come to our notice during our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Marine Atlantic Inc. Acquisition Authorization Act and the articles of incorporation and by-laws of the Corporation and its wholly-owned subsidiaries.

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada

Peat Marwick Thorne
Chartered Accountants

Moncton, Canada
February 15, 1991

MARINE ATLANTIC INC.—*Continued*

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

ASSETS	1990	1989
Current assets		
Cash	19,258	5,879
Accounts receivable	8,203	8,913
Capital assistance receivable, Government of Canada (Note 3)	8,678	4,706
Accrued revenue, Government of Canada (Note 3)	20,104	21,217
Account receivable, Government of Canada (Notes 3 and 5)	7,752	
Inventory of fuel and supplies	5,280	4,403
Prepaid expenses	3,333	524
	72,608	45,642
Long-term receivables	252	187
Property, plant and equipment and deferred charges (Note 4)	411,214	426,036
	484,074	471,865

LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIENCY)	1990	1989
Current liabilities		
Bank indebtedness		200
Accounts payable and accrued liabilities	25,775	22,216
Accounts payable trade—Subsidiary	1,789	
Accrued separation benefits	4,344	2,009
Accrued vacation pay and vessel refit expense	20,254	19,848
Due to subsidiary company (Notes 3 and 5)	7,752	
Losses of subsidiary in excess of the cost of the investment (Note 5)	676	
Deferred revenues	11,194	
	71,784	44,273
Losses of subsidiary in excess of the cost of the investment (Note 5)		3,305
Provision for capital assistance (Note 6)	411,214	425,636
SHAREHOLDER'S EQUITY (DEFICIENCY)		
Capital stock		
Authorized—Unlimited number common shares, without par value		
Issued and fully paid—517,061 common shares	258,530	258,530
Deficit	(257,454)	(259,879)
	1,076	(1,349)
Commitments and contingencies (Notes 2(i) and 7)		
	484,074	471,865

See accompanying notes to consolidated financial statements.

On behalf of the Board:

A.K. SCALES
Director

TERRY W. IVANY
Director

MARINE ATLANTIC INC.—*Continued*

CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

	1990	1989
Commercial revenue	71,876	68,548
Operating expenses		
Marine Atlantic Inc.	193,863	192,342
Other services	4,367	3,320
Depreciation and amortization	26,184	20,358
	224,414	216,020
Loss from operation	152,538	147,472
Government contract revenue	120,000	118,800
Government contract revenue— Accrued	897	3,524
Subsidies and contracted services	3,854	3,127
Reduction in provision for capital assistance (Note 6)	26,184	20,358
Interest and other income	1,671	919
	152,606	146,728
Earnings (loss) from continuing operations	68	(744)
Loss from discontinued operation (Note 5)	(227)	(2,846)
Net loss	(159)	(3,590)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF DEFICIT
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

	1990	1989
Deficit, beginning of year		
As previously reported	(261,540)	(257,241)
Adjustments to prior years (Note 8)	1,661	952
As restated	(259,879)	(256,289)
Funding contribution applied to reduce deficit (Note 5)	2,584	
Net loss	(159)	(3,590)
Deficit, end of year	(257,454)	(259,879)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990
(with comparative figures for 1989)
(in thousands of dollars)

	1990	1989
Cash provided by (used in)		
Operations		
Earnings (loss) from continuing operations	68	(744)
Change in non-cash operating working capital	13,448	5,745
	13,516	5,001
Financing		
Deferred capital assistance		(423)
Reduction in provision due to disposal of property, plant and equipment	(176)	(101)
Capital assistance	11,942	149,593
	11,766	149,069
Investments		
Expenditures on property, plant and equipment and deferred charges	(11,942)	(149,922)
Net proceeds on disposal of property, plant and equipment	576	30
Long-term receivables	(65)	93
Investment in subsidiary	(272)	
	(11,703)	(149,799)
Increase in cash from continuing operation	13,579	4,271
Cash, beginning of year	5,679	1,408
Cash, end of year	19,258	5,679

Cash is defined as cash less bank indebtedness.

See accompanying notes to consolidated financial statements.

MARINE ATLANTIC INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

1. Nature of operations and authority

The Marine Atlantic Inc. Acquisition Authorization Act was proclaimed in 1986. In accordance with the Act, the Corporation's articles restrict the business that it may carry on to the acquisition, establishment, management and operation of a marine transportation service, a marine maintenance repair and refit service, a marine construction business and any service or business related thereto. Marine Atlantic Inc. is a Crown corporation listed in Schedule III, Part I of the Financial Administration Act and is not subject to income tax under the provisions of the Income Tax Act.

The Corporation's activities are also governed by agreements negotiated with the Government of Canada. The agreements provide, among other things, for the Corporation to receive contract revenues from the Government of Canada to the extent that the estimated cost of providing ferry, coastal, terminal and water services is not recovered from estimated commercial revenues. In addition, and subject to parliamentary appropriations, amounts are received to finance the acquisition of fixed assets on a proven cash needs basis. The allocation of funds received in respect of contract revenue and the acquisition of fixed assets are subject to approval by the Minister of Transport. As a result, the Corporation is economically dependent on the Government of Canada for the funds it receives through these arrangements.

2. Significant accounting policies

(a) Consolidation

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, Coastal Transport Limited. All intercompany transactions between the parent company and Coastal Transport Limited have been eliminated in these consolidated financial statements. (See also Note 5 concerning Newfoundland Dockyard Corporation).

(b) Inventory of fuel and supplies

Inventories are valued at the lower of cost and replacement cost. Cost is determined on a weighted-average basis.

(c) Property, plant and equipment

Property, plant and equipment are carried at the cost to acquire them less accumulated depreciation. Due to a change in funding arrangements with the Corporation's shareholder in 1986, and as explained further in Note 6, a provision for those capital costs not considered recoverable from future revenue sources has been made.

(d) Depreciation

Depreciation is calculated at rates sufficient to write off fixed assets over their estimated useful lives generally on a straight line basis. The rates for significant classes of assets are as follows:

Vessels	5%
Terminal properties	2.5%
Equipment	10%, 12.5% and 25%
Leasehold improvements	lesser of 5 years or term of lease

(e) Deferred charges

Deferred charges are accounted for at cost less accumulated amortization. They are being amortized to income on a straight line basis over periods not exceeding 60 months.

(f) Government contract revenue and government contract revenue—Accrued

(i) Revenues received under contract to provide ferry service to Atlantic Canada are based on operating budgets approved by the Government of Canada for each year and are included in income in the year received to fund operating expenses in excess of commercial revenues.

(ii) Revenue for vacation pay, vessel refits and separation benefits is accrued to the extent that the amounts are reasonably assured of being recovered from future contract revenue.

(g) Capital assistance

Amounts received or receivable from the Government of Canada, under the Capital Funding Agreement, to finance the acquisition of fixed assets are recorded in the Provision for Capital Assistance in the year in which the related fixed assets are capitalized, and are amortized to income on the same basis and over the same periods as the related fixed assets are depreciated.

In management's opinion, the amounts received under the Capital Funding Agreement represent general capital assistance funds, not equity contributions from the Government of Canada as shareholder.

(h) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated at exchange rates in effect at the year end. Gains and losses arising on translation are included in net earnings. Other assets and liabilities, revenues and expenses are translated using exchange rates in effect at the date of the transaction.

(i) Employee compensation

(i) Pension plans

Substantially all of the Corporation's employees are covered by a defined benefit retirement plan. Pension costs related to benefits earned by employees in the current year are charged to income. The value of the accrued pension benefits for services rendered to December 31, 1990, of $276,000, has been determined by the Corporation's actuaries using best estimate assumptions provided by management. The pension fund assets of $245,000 as at December 31, 1990 have been valued using market related values calculated on a basis whereby they will be adjusted to market values over a moving 5 year average.

The Canadian National Railway pension plan pays pension benefits to retired employees who worked for the predecessor organizations to Marine Atlantic Inc. Canadian National Railway has claimed $12,800 from Marine Atlantic Inc. due to improvements in benefits to these retirees. Marine Atlantic Inc. disputes the amount of the liability and thus it is not reflected in the Marine Atlantic Inc. unfunded pension liabilities.

MARINE ATLANTIC INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Continued*

The net deficiency for the plan at January 1, 1989, the date of last actuarial evaluation, is being amortized on a straight line basis over the estimated average remaining service lives of the related employee group.

(ii) Personal injury costs

Certain employees, retired as a result of injury, receive specified pension benefits. The Corporation recognizes the benefit payouts as an expense in the year paid.

(j) Vessel spare parts

The Corporation maintains spare parts for vessels in service. The cost of spare parts is charged to operations in the year the purchase is made.

3. Accounts receivable, Government of Canada

(a) Capital assistance receivable, Government of Canada

Under contractual terms contained in the Corporation's Capital Funding Agreement, the Corporation receives payments against its approved capital budget in installments calculated in reference to its monthly working capital deficiency or cash requirements. The amount receivable at December 31, 1990 represents a charge to the Government of Canada for funds previously approved under the Capital Funding Agreement.

(b) Accrued revenue, Government of Canada

Revenue for vacation pay, vessel refits and separation benefits in the amount of $20,104 is accrued pursuant to the accounting policy described in Note 2(f)(ii).

(c) Account receivable, Government of Canada

On January 29, 1991, Treasury Board approved operational funding for the Newfoundland Dockyard Corporation, a subsidiary of Marine Atlantic Inc. The funding, subject to approval by Parliament, will be paid to Marine Atlantic Inc. and has been recorded as a receivable from the government and a payable to Newfoundland Dockyard Corporation.

4. Property, plant and equipment and deferred charges

	1990			1989
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
Vessels	431,433	108,485	322,948	194,447
Terminal properties	94,795	26,310	68,485	71,058
Equipment	17,040	11,744	5,296	5,555
Leasehold improvements	266	128	138	140
	543,534	146,667	396,867	271,200
Assets under construction	12,745		12,745	151,881
	556,279	146,667	409,612	423,081
Deferred charges	6,555	4,953	1,602	2,955
	562,834	151,620	411,214	426,036

5. Discontinued operation

On instructions of the Minister of Transport, dated January 11, 1991, the Corporation has prepared a formal plan to dispose of a subsidiary, the Newfoundland Dockyard Corporation. This subsidiary is engaged in the ship repair business. Approval by the Minister of the actual privatization method is expected in April 1991. Accordingly, the subsidiary is not being consolidated. The investment in the subsidiary is accounted for at the lower of the net realizable value and the carrying value of the investment using the equity method. The comparative figures have been restated to reflect the application of the equity method.

Newfoundland Dockyard Corporation had been subject to an Agreement with the Government of Canada which had provided it with subsidies to cover operating losses up to $10,000. Operating losses of the subsidiary exceeded the funding limit by $7,752 (1989—$2,584). Capital assistance was also provided on a proven cash needs basis. The Agreement expired on March 31, 1990. On January 29, 1991, the Treasury Board approved up to $9,600 to cover operating losses of the subsidiary to March 31, 1991 which will be paid to the Corporation. Marine Atlantic Inc. will pay amounts to Newfoundland Dockyard Corporation once they have been received from the Government of Canada. The Corporation has recorded an amount of $7,752 as due from the Government of Canada. Funding toward current losses from operations of the subsidiary in the amount of $5,168 has been applied to reduce the loss from discontinued operations and the balance of $2,584 related to 1989 is reflected as a contribution toward the reduction of the Corporation's deficit.

The results of the subsidiary's operations are as follows:

	1990	1989
Revenue	12,941	17,491
Operating expenses	18,336	23,503
	(5,395)	(6,012)
Government assistance	5,168	3,166
Loss from discontinued operation	(227)	(2,846)
Funding contribution to reduce deficit	2,584	
Increase (decrease) in investment in subsidiary	2,357	(2,846)

Newfoundland Dockyard Corporation had sales to the parent company of $3,600 in 1990 (1989—$1,500).

MARINE ATLANTIC INC.—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

The amounts of the assets and liabilities of the subsidiary at December 31, which are not consolidated, are summarized as follows:

	1990	1989
Current assets	3,318	5,250
Funding contribution due from parent	7,752	
Capital assistance due from parent	272	
Property, plant and equipment	9,005	9,300
	20,347	14,550
Less		
Bank indebtedness	8,471	4,169
Current liabilities	1,752	2,582
Provisions for capital assistance	2,735	3,039
Long-term debt	8,065	8,065
	21,023	17,855
Losses of subsidiary in excess of the cost of the investment	676	3,305

The results of the subsidiary's change in cash position are as follows:

	1990	1989
Cash provided by (used in)		
Operations		
Loss from discontinued operation	(227)	(2,846)
Depreciation, which does not involve cash	261	263
Change in non-cash operating working capital	(6,920)	1,933
	(6,886)	(650)
Financing		
Amounts due from parent for capital projects	272	
Due from parent—Cash deficit	2,584	
Ministry of Transport capital contribution		1,220
Proceeds on disposal of property and equipment		176
	2,856	1,396
Investment		
Expenditures on property and equipment	(272)	(1,220)
Decrease in cash from discontinued operation	(4,302)	(474)
Cash position, beginning of year	(4,169)	(3,695)
Cash position, end of year	(8,471)	(4,169)

6. Provision for capital assistance

In accordance with changes in 1986 in the contractual funding agreements, future depreciation and amortization on those fixed assets and deferred charges acquired prior to January 1, 1987, and which had substantially been financed through the issue of capital stock, were no longer recoverable under contracts with the Government of Canada. Management considers it unlikely that the Corporation will generate sufficient commercial revenue to recover these costs. Accordingly, in 1986 management provided $290,600 as an adjustment to retained earnings. This provision for capital assistance is reduced as the related assets are depreciated, amortized or upon their disposition. The provision for capital assistance is also charged annually with amounts received or receivable from the Government of Canada to finance the acquisition of fixed assets (see Note 2(g)).

7. Commitments and contingencies

(a) The total amount required to complete contracted fixed assets under construction at December 31, 1990 is estimated to be $8,700 (1989—$6,000).

(b) The Corporation is in receipt of claims, an estimated $542 of which is in litigation and another $752 of which has not yet reached litigation; however any final determination as to the Corporation's exposure is presently unknown. Other legal actions are also outstanding and it is the opinion of management that the outcome of these actions will not have a material adverse effect on the Corporation's financial position.

(c) The Corporation makes use of property which is available through operating leases. The minimum lease payments are as follows: 1991—$979; 1992—$979; 1993—$979; 1994—$985; 1995—$622.

(d) The Corporation charters vessels to complement its existing fleet. The minimum vessel charter payments are as follows: 1991—$2,670; 1992—$1,192; 1993—$1,192.

8. Adjustments to prior years

During the year, the Corporation received $1,370 as settlement of a claim against the builder of one of the Corporation's vessels. The amount has been applied to reduce the opening deficit for the 1989 comparative year.

The opening deficit for 1990 has been increased by $523 to reflect additional sales taxes assessed to the Corporation in respect of the years 1984 to 1989. Of the amount reassessed, $105 relates to 1989 and has been charged to income for that year. The remaining amount of $418 is applicable to years prior to January 1, 1989 and the deficit at that date has been increased accordingly.

A loss on disposal of equipment of $814 previously reflected in 1989 earnings has subsequently been determined to relate to an asset with no carrying value at the date of disposal. As a result, earnings for 1989 have been increased and the opening deficit for 1990 has been decreased by $814.

9. Comparative figures

Certain comparative figures have been restated to conform with the presentation adopted for 1990.

MINGAN ASSOCIATES, LTD.

THE CORPORATION HAS NEGLIGIBLE ASSETS AND WAS INACTIVE
DURING THE REPORT PERIOD

MONTRÉAL PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the consolidated balance sheet of Montréal Port Corporation as at December 31, 1990 and the consolidated statements of earnings, retained earnings, contributed capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Furthermore, in our opinion, the transactions of the Corporation that have come under our notice in the course of our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, and with the charter and bylaws of the Corporation.

Samson Bélair/Deloitte & Touche
Chartered Accountants

Montréal, Canada
February 8, 1991

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Current assets		
Cash	252	1,340
Investments (Note 3)	16,222	21,083
Accounts receivable	11,365	10,240
Materials and supplies	929	940
	28,768	33,603
Long-term investments (Note 3)	32,927	39,749
Property, plant and equipment (Note 4)	168,925	156,989
Other assets	575	579
	231,195	230,920

LIABILITIES	1990	1989
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	21,728	8,117
Grants in lieu of municipal taxes	2,970	820
	24,698	8,937
Accrued employee benefits	5,291	5,206
Loans from Canada (Note 6)	5,669	6,129
	35,658	20,272
EQUITY OF CANADA		
Contributed capital	158,919	183,569
Retained earnings	36,618	27,079
	195,537	210,648
	231,195	230,920

On behalf of the Board:

ANDRÉ GINGRAS
Chairman

DOMINIC J. TADDEO
President and Chief Executive Officer

MONTRÉAL PORT CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenue from operations	55,552	53,034
Operating and administrative expenses	37,175	40,159
Depreciation	10,145	10,503
Grants in lieu of municipal taxes	4,653	4,125
	51,973	54,787
Earnings (loss) from operations	3,579	(1,753)
Investment income	7,609	7,372
Interest expense	(410)	(436)
	7,199	6,936
Net earnings	10,778	5,183

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Balance, beginning of year	27,079	25,201
Net earnings	10,778	5,183
Dividend	(1,239)	(3,305)
Balance, end of year	36,618	27,079

CONSOLIDATED STATEMENT OF CONTRIBUTED CAPITAL
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Balance, beginning of year	183,569	183,569
Special contribution to Canada	24,650	
Balance, end of year	158,919	183,569

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Net inflow (outflow) of cash related to the following activities		
Operating		
Net earnings	10,778	5,183
Items not affecting cash		
Depreciation	10,145	10,503
Other	(461)	687
	20,462	16,373
Changes in non-cash operating working capital items (Note 7)	2,653	(5,211)
	23,115	11,162
Financing		
Repayment of current portion of loans from Canada	(432)	(407)
Increase (decrease) in accrued employee benefits	85	(123)
Dividend paid	(1,239)	(3,305)
Special contribution to Canada	(12,325)	
	(13,911)	(3,835)
Investing		
Decrease (increase) of long-term investments	6,822	(177)
Acquisition of property, plant and equipment	(22,934)	(15,029)
Increase (decrease) in deposits on land sold	(355)	375
Proceeds on disposal of property, plant and equipment	1,314	468
Decrease of other assets	61	36
Acquisition of other assets	(61)	(140)
	(15,153)	(14,467)
Net cash outflow	(5,949)	(7,140)
Cash position, beginning of year	22,423	29,563
Cash position, end of year	16,474	22,423

Cash position comprises cash and short-term investments.

MONTRÉAL PORT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990

1. Description of business

The Montréal Port Corporation (the Corporation) was incorporated by letters patent in accordance with subsection 6.2(1) of the Canada Ports Corporation Act on July 1, 1983.

Under section 6.5 of the same Act, on the establishment of a local port corporation, all rights, obligations and liabilities of the Canada Ports Corporation in relation to that harbour shall become rights, obligations and liabilities of the local port corporation and the administration of all such property and works within the limits of that harbour administered by the Board shall be deemed to have been transferred to the local port corporation, in this case the Corporation.

The Corporation holds an investment in a wholly-owned subsidiary, 176422 Canada Inc., which is consolidated.

2. Accounting policies

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

(a) Investments

Investments are shown at amortized cost, with premiums or discounts amortized over their periods to maturity.

(b) Materials and supplies

Materials and supplies are valued at the lower of cost and replacement cost. Cost is determined substantially on average cost.

(c) Property, plant and equipment

Fixed assets are recorded at original cost with related accumulated depreciation transferred from Canada Ports Corporation; subsequent acquisitions are recorded at cost.

Depreciation is calculated according to the straight-line method for the full year, commencing in the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

(d) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

(e) Grants in lieu of municipal taxes

Grants in lieu of municipal taxes are based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(f) Employee benefits

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave, sick leave and overtime compensatory leave, which are payable to its employees in subsequent years under collective agreements, or in accordance with Corporation policy.

3. Investments

Funds are invested in Government of Canada direct securities and guaranteed by the Government of Canada. As at December 31, 1990, the market value of the short-term investments is equivalent to their amortized cost, and market value of long-term investments is $35,135,092 ($43,868,057 in 1989).

4. Property, plant and equipment

	1990				1989
	Depreciation rates	Cost	Accumulated depreciation	Net book value	Net book value
	%	(in thousands of dollars)			
Land		25,783		25,783	26,086
Dredging	2.5	16,178	12,936	3,242	3,526
Berthing structures	2.5	61,587	40,965	20,622	20,602
Buildings	2.5-10	70,837	32,771	38,066	39,578
Utilities	3.3-10	17,816	8,498	9,318	9,927
Roads and surfaces	2.5-10	59,140	19,768	39,372	38,208
Machinery and equipment	5-20	56,621	40,936	15,685	17,090
Office furniture and equipment	20	3,509	2,213	1,296	1,272
		311,471	158,087	153,384	156,289
Acquisition for expansion*		15,344		15,344	
Projects under construction		197		197	700
		327,012	158,087	168,925	156,989

*As at December 28, 1990, the Corporation purchased the port operations of a mining company. The purchase price was $15,250,000 cash included in acquisition for expansion. The acquisition was accounted for by the purchase method, and the results of operations will be included in the consolidated financial statements as of January 1, 1991, the effective date of transfer of the operations.

MONTRÉAL PORT CORPORATION—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

5. Accounts payable and accrued liabilities

	1990	1989
	(in thousands of dollars)	
Special contribution to Canada	12,325	
Current portion of loans from Canada	460	432
Deferred revenues	828	632
Other	8,115	7,053
	21,728	8,117

6. Loans from Canada

	1990	1989
	(in thousands of dollars)	
Loans, 6.25% payable to 2000 in annual installments of $842,561 including interest	6,129	6,561
Current portion	460	432
	5,669	6,129

Principal repayment requirements over the next five years amount to:

	(in thousands of dollars)
1991	459,528
1992	488,249
1993	518,765
1994	551,187
1995	585,636

7. Changes in non-cash operating working capital items

	1990	1989
	(in thousands of dollars)	
Accounts receivable	(766)	(1,415)
Materials and supplies	11	(68)
Accounts payable and accrued liabilities	1,258	(2,162)
Grants in lieu of municipal taxes	2,150	(1,566)
	2,653	(5,211)

8. Contingencies

Claims aggregating approximately $3,000,000 in respect of lawsuits, guarantees and damages allegedly suffered on the Corporation property and sundry legal matters in dispute have been made against the Corporation but are not reflected in the accounts. In the opinion of the Corporation, its position is defensible and the final outcome of such claims should not result in any material loss.

9. Commitments

(a) Contractual obligations for the completion, construction and purchase of fixed assets are estimated at $689,000.

(b) In accordance with a Government of Canada policy concerning payment of dividends, the Corporation would be required to pay a dividend, in respect of the 1990 fiscal year, based on a method of calculation using net earnings. This dividend, payable before March 31, 1991, would amount to approximately $2,700,000 and would be applied against retained earnings.

10. Related party transactions

In the ordinary course of business, the Corporation enters into transactions with related parties, including the Government of Canada, its agencies and other Crown corporations.

The Corporation derives revenues from related parties principally from grain warehousing and switching charges. The expenses paid to related parties are principally administration fees.

NATIONAL ARTS CENTRE CORPORATION

AUDITOR'S REPORT

TO THE CHAIRMAN OF THE BOARD OF TRUSTEES
NATIONAL ARTS CENTRE CORPORATION

I have examined the balance sheet of the National Arts Centre Corporation as at August 31, 1990 and the statements of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at August 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 26, 1990

BALANCE SHEET AS AT AUGUST 31, 1990

ASSETS	1990	1989
	$	$
Current		
Cash		206,724
Short-term investments	611,055	527,392
Accounts receivable (Note 3)	1,700,244	1,596,643
Inventories	528,579	596,595
Programmes in progress	1,222,080	1,112,453
Prepaid expenses	130,311	112,532
	4,192,269	4,152,339
Fixed assets (Note 4)	3,484,874	3,454,391
	7,677,143	7,606,730

LIABILITIES	1990	1989
	$	$
Current		
Bank overdraft	410,815	
Bank loan	535,000	
Accounts payable and accrued liabilities	2,854,414	2,344,918
Deferred revenue	3,179,917	4,058,963
Deferred parliamentary appropriation		
Major capital projects (Note 5)	147,133	240,744
	7,127,279	6,644,625
Provision for employee termination benefits	666,414	624,399
	7,793,693	7,269,024
EQUITY OF CANADA		
Surplus (deficit)	(116,550)	337,706
	7,677,143	7,606,730

Approved by Management:

YVON DESROCHERS
Director General

RICHARD LUSSIER
Director of Finance and Administration

Approved by the Board of Trustees:

ROBERT LANDRY
Chairman

LEON KOSSAR
Trustee

NATIONAL ARTS CENTRE CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 1990

	1990	1989
	$	$
Operating revenue		
Performing arts programmes (Schedule 1)	10,184,477	11,295,860
Commercial services (Schedule 2)	8,012,526	8,253,488
Programme support services	283,504	731,580
Other	23,838	4,508
	18,504,345	20,285,436
Operating expenses (Schedule 3)		
Performing arts programmes (Schedule 1)	16,920,911	18,112,723
Commercial services (Schedule 2)	5,713,300	6,029,514
Operation of the buildings	5,321,036	4,947,132
Programme support services	4,477,606	4,722,156
Administrative services	3,111,592	3,090,616
Board of trustees	63,939	53,349
	35,608,384	36,955,490
Excess of operating expenses over operating revenue	17,104,039	16,670,054
Other income		
Regional municipal grant	230,000	230,000
Interest on short-term investments	75,450	121,234
	305,450	351,234
Excess of expenses over revenue	16,798,589	16,318,820

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 1990

	1990	1989
	$	$
Operating		
Excess of expenses over revenue	(16,798,589)	(16,318,820)
Items not affecting funds		
Depreciation and amortization	880,917	886,188
Provision for employee termination benefits	42,015	225,667
Loss on disposal of fixed assets	11,736	
Decrease in non-cash operating working capital	(532,541)	(901,391)
	(16,396,462)	(16,108,356)
Financing		
Parliamentary appropriations		
Operating	16,344,333	15,603,419
Major capital projects including interest earned	1,622,113	1,812,166
	17,966,446	17,415,585
Investing		
Major capital projects	(1,715,724)	(3,215,423)
Additions to fixed assets	(923,136)	(1,345,077)
	(2,638,860)	(4,560,500)
Decrease in cash during the year	(1,068,876)	(3,253,271)
Cash and short-term investments at beginning of year	734,116	3,987,387
Cash and short-term investments (net bank indebtedness) at end of year	(334,760)	734,116

STATEMENT OF DEFICIT
FOR THE YEAR ENDED AUGUST 31, 1990

	1990	1989
	$	$
Surplus at beginning of the year	337,706	1,053,107
Parliamentary appropriation—Operating	16,344,333	15,603,419
Excess of expenses over revenue	(16,798,589)	(16,318,820)
Deficit for the year	(454,256)	(715,401)
Surplus (deficit) at end of the year	(116,550)	337,706

NATIONAL ARTS CENTRE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1990

1. Objectives and operations

The objectives of the Corporation are: to operate and maintain the National Arts Centre; to develop the performing arts in the National Capital Region; and to assist the Canada Council in the development of the performing arts elsewhere in Canada.

In furtherance of its objectives, the Corporation may arrange for and sponsor performing arts activities at the Centre; encourage and assist in the development of performing arts companies resident at the Centre; arrange for or sponsor radio and television broadcasts and the showing of films in the Centre; provide accommodation at the Centre, on such terms and conditions as the Corporation may fix, for national and local organizations whose objects include the development and encouragement of the performing arts in Canada; and, at the request of the Government of Canada or the Canada Council, arrange for performances elsewhere in Canada by performing arts companies, whether resident or non-resident in Canada, and arrange for performances outside Canada by performing arts companies resident in Canada.

With a view to achieving the objectives, Her Majesty demised and leased the National Arts Centre building complex to the Corporation for a period expiring May 31, 1991. Under the terms of the lease, the Corporation is responsible for maintenance and operation of the building complex, but is not required to pay for the use of the complex.

2. Significant accounting policies

(a) Short-term investments

Short-term investments are carried at cost which approximates market value.

(b) Grants

Grants are recorded as revenue in the year in which the grantors make firm commitments to the Corporation.

(c) Inventories

Inventories are valued at the lower of cost and net realizable value for food and beverages or replacement cost for production materials and supplies.

(d) Programmes in progress

Direct costs, including advances to performing companies and artists, incurred prior to the end of the year for programmes in progress are deferred and charged to expenses in the year in which the programmes terminate. Indirect costs and common services not attributable to particular performances are charged to expenses in the year in which they are incurred.

(e) Fixed assets

Fixed assets used in the operations, other than the NAC complex, are recorded at cost. Depreciation and amortization are calculated on the straight-line method, as follows:

Building—L'Atelier	20 years
Equipment	5 and 7 years
Equipment under capital lease	5 and 7 years
Leasehold improvements	10 years

The NAC complex is leased by the Corporation at no cost, no depreciation or amortization is taken.

(f) Deferred revenue

Revenue from tickets sold prior to the end of the year for programmes in progress is deferred and credited to revenue in the year in which the programmes terminate. Revenue from gift certificates and exchange vouchers is deferred until the certificates and vouchers are redeemed. Gift certificates and exchange vouchers not redeemed within three years of the year of their issuance are credited to revenue. A percentage of those less than three years old is also credited to revenue.

(g) Operating expenses

Expenses relating to performing arts programmes and commercial services do not include costs relating to building and equipment maintenance, utilities and administrative services. The costs relating to furniture and equipment that are not capitalized are included as expenses of operations of the buildings and commercial services.

(h) Pension plan

Employees of the Corporation participate in the Public Service Superannuation plan, administered by the Government of Canada. Contributions to the plan are required by both the employees and the Corporation on an equal basis. The Corporation's contributions represent the Corporation's total obligation and are recorded as they become due.

(i) Employee termination benefits

Employees of the Corporation are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees under the respective terms of employment.

(j) Parliamentary appropriations

The parliamentary appropriation for operations, received during the period April 1 to August 31, is in respect of the Government of Canada's fiscal year ending on March 31 of the following year. The Corporation credits to surplus each month one-twelfth of the approved appropriation. Accordingly, of the amount received to August 31, the amount received is in excess of 5/12ths of the appropriation is deferred to the following year. In the event that the amount received is less than 5/12ths of the appropriation, the difference is recorded as a receivable.

The parliamentary appropriation received for major capital projects is deferred until used. An amount equal to the cost of the projects incurred during the year is deducted from the deferred parliamentary appropriation.

NATIONAL ARTS CENTRE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1990—*Concluded*

3. Accounts receivable

	1990	1989
	$	$
Customer accounts	542,558	816,347
Allowance for bad debts	(22,429)	(15,849)
	520,129	800,498
Tickets sold by a sales agency	520,515	332,582
Parliamentary appropriation—Operating (Note 6)	529,583	285,250
Municipal grant—Regional	76,667	115,000
Loans to musicians for the purchase of instruments	17,785	35,467
Accrued interest	6,678	6,084
Other	28,887	21,762
	1,700,244	1,596,643

4. Fixed assets

	1990			1989
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
	$	$	$	$
Land	90,000		90,000	90,000
Building—L'Atelier	298,069	133,492	164,577	179,480
Equipment	4,726,059	3,195,765	1,530,294	1,269,276
Equipment under capital lease	28,750	17,250	11,500	17,250
Leasehold improvements	3,537,782	1,858,542	1,679,240	1,894,417
Uncompleted capital projects	9,263		9,263	3,968
	8,689,923	5,205,049	3,484,874	3,454,391

5. Deferred parliamentary appropriation—Major capital projects

	1990	1989
	$	$
Deferred from the previous year	240,744	1,644,001
Received during the year	1,500,000	1,672,000
Interest earned during the year	122,113	140,166
Expenses for the year	(1,715,724)	(3,215,423)
Deferred to the following year	147,133	240,744

6. Parliamentary appropriation—Operating

	1990	1989
	$	$
Receivable at beginning of year	285,250	665,831
Credited to surplus	16,344,333	15,603,419
Received during the year	(16,100,000)	(15,984,000)
Receivable at end of year	529,583	285,250

7. Commitments

As at August 31, 1990, commitments for operating and capital leases, with terms of more than one year, amounted to $696,536. Future minimum payments under these arrangements are payable as follows:

Year ending August 31	$
1991	318,959
1992	234,770
1993	70,061
1994	70,061
1995	1,685
	695,536

Furthermore, the NAC entered into an agreement with a ticket sales agency. The agreement extends to 1996. Payments are based on the number of tickets sold; there are no minimum payments.

8. Related party transactions

In addition to the rental of the NAC complex, provided free of charge by the Government of Canada, the Corporation receives audit services without charge from the Office of the Auditor General of Canada.

During the year, in the normal course of business, the Corporation incurred expenses totalling $935,523 (1989—$794,231) for utility, ground maintenance, snow removal and telephone services provided by other government departments and agencies.

9. Closing of Boutique

The boutique, A Capriccio, was closed on August 31, 1989. Inventories were disposed of during the year.

10. Subsequent event

The Treasury Board approved a 1990-91 fiscal year Supplementary Estimate of $1,321,000 for the Corporation on September 20, 1990 and will be recorded in the accounts for the year ending August 31, 1991.

11. Comparative figures

Certain figures for the year ended August 31, 1989 have been reclassified to conform to the presentation adopted for the year ended August 31, 1990.

NATIONAL ARTS CENTRE CORPORATION—*Concluded*

SCHEDULE OF REVENUE AND EXPENSES—
PERFORMING ARTS PROGRAMMES
FOR THE YEAR ENDED AUGUST 31, 1990 SCHEDULE 1

	1990	1989
	$	$
Revenue		
Music	2,505,392	2,952,892
Theatre	2,193,612	2,505,580
Variety	4,072,679	4,552,047
Dance	1,390,998	1,279,806
Electronic distribution	8,698	
Special events	13,098	5,535
	10,184,477	11,295,860
Expenses		
Music	5,722,738	6,416,528
Theatre	4,747,471	4,821,505
Variety	4,182,792	4,671,070
Dance	1,825,830	1,921,409
Electronic distribution	280,215	156,528
Special events	161,865	125,683
	16,920,911	18,112,723
Excess of expenses over revenue	6,736,434	6,816,863

SCHEDULE OF REVENUE AND EXPENSES—
COMMERCIAL SERVICES
FOR THE YEAR ENDED AUGUST 31, 1990 SCHEDULE 2

	1990	1989
	$	$
Revenue		
Restaurants	4,845,688	5,469,965
Garage	2,322,092	2,022,138
Rental of halls	835,428	656,704
Boutique	9,318	104,681
	8,012,526	8,253,488
Expenses		
Restaurants	4,599,169	5,020,807
Garage	623,993	516,969
Rental of halls	436,391	395,262
Boutique	53,747	96,476
	5,713,300	6,029,514
Excess of revenue over expenses	2,299,226	2,223,974

SCHEDULE OF EXPENSES BY CATEGORY
FOR THE YEAR ENDED AUGUST 31, 1990 SCHEDULE 3

	1990	1989
	$	$
Salaries, wages and employee benefits	14,527,608	14,608,925
Performers' fees and expenses	10,098,906	11,220,279
Advertising and promotion	2,081,922	2,112,021
Cost of sales—Commercial services	1,740,941	1,872,357
Repairs and maintenance	1,301,248	1,174,347
Utilities	1,246,431	1,167,457
Production expenses	900,213	899,380
Depreciation and amortization	880,917	886,188
Office expenses	577,112	583,846
Professional fees and expenses	570,902	674,432
Travel and duty entertainment	363,617	304,586
Commissions and service charges	291,653	287,779
Supplies and expenses—Commercial services	228,298	290,648
Furniture and equipment	179,374	142,747
Warehouse rent	132,858	144,224
Telecommunications	129,410	117,987
Insurance	125,279	125,856
Other	231,695	342,431
	35,608,384	36,955,490

NATIONAL CAPITAL COMMISSION

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the National Capital Commission are the responsibility of management and have been approved by the members of the Commission. The financial statements have been prepared by management in accordance with generally accepted accounting principles.

Management has developed and maintains books of account, records, financial and management controls and information systems. These are designed to provide reasonable assurance that the assets are safeguarded and controlled and that transactions are in accordance with Part X of the Financial Administration Act and regulations, as well as the National Capital Act and by-laws of the Commission. Internal audits are conducted to assess these systems and practices.

The members of the Commission carry out their responsibilities for the financial statements principally through an Audit Committee that consists of members of the Commission only. The Audit Committee meets periodically with management as well as with the internal and external auditors to discuss the results of audit examinations with respect to the adequacy of internal accounting controls and to review and discuss financial reporting matters. The external and internal auditors have full access to the Audit Committee, with and without management being present.

The Commission's external auditor, the Auditor General of Canada, has examined the financial statements. He submits his report to the Minister of Public Works, who is responsible for the National Capital Commission.

Jean E. Pigott
Chairman

R. Curry Wood
Vice-President, Controller

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of the National Capital Commission as at March 31, 1991 and the statements of operations, equity and changes in cash resources for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1991 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Commission that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the National Capital Act and by-laws of the Commission.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 7, 1991

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current		
Cash and short-term deposits (Note 3)	11,085	13,327
Accounts receivable		
Due from Canada	708	2,643
Federal government departments and agencies	2,099	2,625
Tenants and others	2,281	1,782
Operating supplies, small tools and nursery stock	695	697
Prepaid expenses	3,141	701
	20,009	21,775
Land, buildings and equipment (Note 4)	330,890	321,938
	350,899	343,713

LIABILITIES	1991	1990
Current		
Accounts payable and accrued liabilities	25,213	33,344
Holdbacks and deposits from contractors and others	1,307	2,047
	26,520	35,391
Long-term		
Accrued employee termination benefits	6,366	6,203
Unsettled expropriations of property	640	882
	7,006	7,085
EQUITY OF CANADA		
Equity of Canada	317,373	301,237
	350,899	343,713

Major commitments and contingencies (Notes 6 and 7).

Approved by the Commission:

JEAN E. PIGOTT
Chairman

IAN NUTE
Commissioner

NATIONAL CAPITAL COMMISSION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Cost of operations (Note 5)		
Transcendent	7,809	5,319
Safeguard and preserve	265	572
Communicate Canada	7,612	5,956
Meeting Place	4,324	4,527
Operations/assets management	68,465	68,874
Operations/administration	25,577	23,576
	114,052	108,824
Revenues		
Rental operations and easements	12,432	10,997
Interest	1,812	1,364
Net gain on disposal of land, buildings and equipment	21,436	7,251
Long-term lease		9,500
Other	4,436	4,023
	40,116	33,135
Net cost of operations	73,936	75,689
Parliamentary appropriations for operations	80,517	82,028
Parliamentary appropriations over net cost of operations	6,581	6,339

STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Parliamentary appropriations over net cost of operations	6,581	6,339
Items not involving cash		
Amortization	12,474	11,760
Net gain on disposal of land, buildings and equipment	(21,436)	(7,251)
Net change in non-cash working capital balances related to operations	(9,347)	4,241
Net change in long-term liabilities	(79)	(6,690)
	(11,807)	8,399
Investing and financing activities land, buildings and equipment		
Acquisitions	(22,622)	(28,723)
Parliamentary appropriations	9,555	12,116
Proceeds on disposal	22,632	10,739
	9,565	(5,868)
Increase (decrease) in cash and short-term deposits	(2,242)	2,531
Beginning of year	13,327	10,796
End of year	11,085	13,327

STATEMENT OF EQUITY
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991	1990
Balance at beginning of year	301,237	282,782
Parliamentary appropriations over net cost of operations	6,581	6,339
Parliamentary appropriations to acquire land, buildings and equipment	9,555	12,116
Balance at end of year	317,373	301,237

NATIONAL CAPITAL COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and objectives

The National Capital Commission was established in 1958 by the National Capital Act. The Commission is an agent Crown corporation without share capital named in Part I of Schedule III to the Financial Administration Act. The objects and purposes of the Commission are stated in the National Capital Act as amended in 1988. They are to:

(a) prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance; and

(b) organize, sponsor or promote such public activities and events in the National Capital Region as will enrich the cultural and social fabric of Canada, taking into account the federal character of Canada, the equality of status of the official languages of Canada and the heritage of the people of Canada.

The powers of the Commission, as they were extended in 1988, also enable the Commission to "coordinate the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by departments of public activities and events related to the National Capital Region."

The Commission is also responsible for the management and maintenance of the Official Residences located in the National Capital Region.

2. Significant accounting policies

(a) Land, buildings and equipment

Land, buildings and equipment are generally recorded at historical cost. Property acquired at nominal cost or by donation is recorded at market value at time of acquisition except for properties of historical significance whose market value cannot be reasonably determined. These are recorded at nominal value. Property acquired by exchange is recorded at the carrying value of the assets disposed of in the transaction. Improvements that extend the useful life of buildings and equipment are recorded at cost.

(b) Amortization

Amortization of assets in use is charged to operations in equal annual amounts based on the cost of the assets, their estimated useful life and their final salvage value. Useful life of assets is estimated as follows:

Buildings	20 years
Parkways, roadways and bridges	25 years
Park landscaping and improvement	25 years
Machinery and equipment	7 to 15 years
Office furniture and equipment	5 years
Vehicles	4 to 7 years
Antiques and works of art	10 years
Computer and communications equipment	5 years

(c) Operating supplies, small tools and nursery stock

Operating supplies and small tools are carried at cost. Nursery stock is valued at estimated replacement cost less an allowance for overhead, balling and packaging expenses.

(d) Pension plan

The Commission's employees participate in the Public Service Superannuation Plan, which is administered by the Government of Canada. Contributions to the Plan are made by both the employees and the Commission on an equal basis. These contributions represent the total pension obligations of the Commission and are recognized in the accounts on a current basis.

(e) Employee termination benefits

Severance pay generally accrues to employees over their service period, and is payable on their separation or retirement. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(f) Parliamentary appropriations

Parliamentary appropriations for operating expenditures, for contributions to other levels of government and other authorities and for grants are used to offset the net cost of operations. Parliamentary appropriations to acquire land, buildings and equipment are credited to equity of Canada.

(g) Workers' compensation

The Commission assumes all risks for workers' compensation claims. The costs of claims resulting from injuries on duty are recorded in the years when compensation payments are due.

3. Cash and short-term deposits

Cash and short-term deposits at year-end amounted to $11.085 million. Included in this cash balance are:

(a) Cash donations received for the Canadiana Fund in the amount of $33 thousand;

(b) Funds relating to a 1990 long-term lease transaction that, pursuant to Governor-in-Council authority, have been restricted for the acquisition of environmentally sensitive lands;

(c) Funds generated by the disposal of surplus properties that may be used to acquire real property or to support other major programs, as may be authorized by Treasury Board and Governor-in-Council.

Details of property transactions are highlighted in the following analysis.

	Environmentally sensitive lands	Others	Total
	(in thousands of dollars)		
Cash available at beginning of year	2,111	3,974	6,085
Proceeds from disposals	168	22,062	22,230
Acquisitions		(1,553)	(1,553)
Contribution to capital budget		(6,000)	(6,000)
Contribution under the Quebec Road Network Agreement		(15,000)	(15,000)
Cash available at end of year	2,279	3,483	5,762

NATIONAL CAPITAL COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

4. Land, buildings and equipment

	1991			1990
	Historical cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Land and buildings				
Greenbelt	65,923	17,847	48,076	48,894
Gatineau Park	28,264	6,121	22,143	20,688
Parkways	105,493	43,292	62,201	62,732
Parks	29,402	12,893	16,509	16,844
Bridges and approaches	28,777	15,950	12,827	13,309
Historical sites	28,881	12,010	16,871	15,754
Recreational facilities	24,430	9,028	15,402	10,286
Rental properties	107,156	9,986	97,170	97,096
Development properties	26,517	4,409	22,108	22,172
Unsettled expropriations	1,455		1,455	882
Administrative and service buildings	14,751	8,047	6,704	6,291
	461,049	139,583	321,466	314,948
Less: provision for transfers*	1,838		1,838	1,838
	459,211	139,583	319,628	313,110
Equipment				
Machinery and equipment	4,063	1,948	2,115	2,215
Office furniture and equipment	4,334	3,668	666	514
Vehicles	6,122	2,796	3,326	2,410
Computer and communications equipment	9,872	5,291	4,581	3,180
Antiques and works of art	1,446	872	574	509
	25,837	14,575	11,262	8,828
	485,048	154,158	330,890	321,938

*Provision for transfers pertains to property to be transferred in accordance with agreements with the Province of Quebec. This includes lands to be given free of charge for the approaches to the MacDonald-Cartier Bridge and for the transfer for $1 of lands to be used as a right-of-way for Highway 550.

5. Cost of operations

(a) Summary of expenses by major classification

	1991	1990
	(in thousands of dollars)	
Salaries and employee benefits	50,159	45,557
Goods and services	32,220	28,435
Grants in lieu of municipal taxes	12,220	11,632
Contributions	6,979	11,440
Amortization	12,474	11,760
	114,052	108,824

(b) Sector definitions and objectives

The Commission uses six sectors to structure its activities. Short, medium and long-term objectives linked to the mandate and mission have been developed for each. The following provides the long-term objectives established for each sector:

Transcendent

To guide, facilitate and provide input and direction to the formulation and implementation of National Capital Commission programs to ensure that the Commission's objectives are met.

Safeguard and preserve

To safeguard and preserve the Capital and its assets for future generations.

Communicate Canada

To provide programs that present the past, present and future of Canada and that increase understanding of the country through the Capital.

Meeting place

To implement programs that provide opportunities to bring Canadians together in the Capital to increase their knowledge and understanding of the country.

Operations/assets management

To manage the real property assets of the Corporation efficiently and effectively in accordance with their importance to the Capital.

Operations/administration

To manage the resources of the Corporation efficiently and effectively and to provide services that allow the Commission to meet its objectives.

6. Major commitments

(a) The Commission is committed to contribute to the Province of Quebec one-half of the cost of a road network within the Quebec portion of the National Capital Region. The Commission's remaining commitment to be paid over future years is estimated at $100.0 million but is payable only if funding is approved by the Treasury Board of Canada. The Treasury Board has authorized expenditures of $160.2 million for the Quebec Road Network. As of March 31, 1991, payments have totalled $154.2 million.

(b) The Commission has entered into agreements for computing services, leases of equipment and a lease for office space that will expire in 1993. The accomodations options are at present under review. Minimum annual payments under these agreements are approximately as follows:

	(in thousands of dollars)
1991-92	3,353
1992-93	2,527
1993-94	104
	5,984

NATIONAL CAPITAL COMMISSION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

(c) The Province of Quebec has expropriated certain lands in the City of Hull on behalf of the Commission. An amount of $1.25 million will be payable in exchange of appropriate title documents.

(d) The Commission has entered into contracts for capital expenditures estimated to cost approximately $10.5 million. Payments under these contracts are expected to be made in 1991-92.

(e) The Commission under the Interprovincial Transit Subsidy Agreement is committed to the Société de transport de l'Outaouais and the Ottawa-Carleton Regional Transit Commission for the amount of $1.187 million in 1991-92.

7. Contingencies

(a) Claims

Claims and potential claims have been made against the Commission totalling approximately $38.1 million for alleged damages and other matters. The final outcome of these claims is not determinable and accordingly these items are not recorded in the accounts. However, in the opinion of management, the position of the Commission is defensible. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determined.

(b) Agreement with the Province of Ontario

In 1961, the Commission entered into an agreement whereby the Province of Ontario established and maintains 2,761 hectares (6,820 acres) of forest. When the agreement expires in 2011, or is terminated, the Commission will reimburse the Province for the excess of expenses over revenues, or the Province will pay the Commission the excess of revenues over expenses. At March 31, 1990, cumulative expenses exceeded cumulative revenues by $1.1 million, and are not reflected in the accounts of the Commission.

(c) Environmental assets management

The Commission is subject to Part IV of the Canadian Environmental Protection Act and is committed to sound environmental assets management. No provision has been made for potential financial implications related to future environmental site restoration.

8. Related party transactions

The Corporation is related in terms of common ownership to all Government-of-Canada-created departments, agencies and Crown corporations and is mainly financed by the Parliament of Canada.

(a) Canada Museums Construction Corporation Inc.

The Commission has permitted the Canada Museums Construction Corporation Inc. to undertake the construction of the Canadian Museum of Civilization on Commission lands. The Commission is in the process of transferring the lands in question to Public Works Canada in exchange for other properties of equal value.

(b) Canadian Museum of Contemporary Photography

The Commission and the National Gallery of Canada are sharing costs for the construction of the Canadian Museum of Contemporary Photography on Commission lands. Total shared construction costs are estimated at $16.7 million, of which the Commission's share is $12.7 million. As at March 31, 1991, payments on this project have totalled $5,478,000. The Commission has received Governor-in-Council authority to lease the completed building to the National Gallery of Canada for a term of 49 years.

(c) Commemorative monuments

The Commission, on behalf of the Department of National Defence, will undertake the implementation of a peace-keeping monument that is planned for completion in 1992. The total cost of the project will be $2.8 million, of which the Commission will contribute a maximum of $.5 million.

(d) Public Works Canada

Public Works Canada acts as an agent for the Commission with respect to sales of properties that are surplus to the Commission's needs. Fees charged are based on standard rates set by Public Works Canada. The Commission has also entered into an agreement with Public Works Canada, whereby the latter will, with respect to the Official Residences, provide certain property services at rates established with the Commmission and approved by the Treasury Board of Canada.

NATIONAL GALLERY OF CANADA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the National Gallery of Canada and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The financial statements include some amounts, such as the allowances for doubtful accounts, that are necessarily based on management's estimates and judgment.

The financial statements have been prepared in accordance with accounting principles which are generally accepted in Canada. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. In addition, the Audit and Evaluation Committee of the Board oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing the report thereon.

Dr. Shirley L. Thomson
Director of the National Gallery of Canada

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the National Gallery of Canada as at March 31, 1991 and the statements of operations, equity of Canada, and changes in financial position for the nine months then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1991 and the results of its operations and changes in its financial position for the nine months then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Museums Act, and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 14, 1991

NATIONAL GALLERY OF CANADA—*Continued*

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	March 31 1991	Opening July 1st 1990
Current		
Deposit with Receiver General for Canada	8,937	4,760
Accounts receivable	649	235
Inventories	1,282	1,595
Prepaid expenses	94	
	10,962	6,590
Collections	1	1
Capital assets (Note 3)	8,848	6,220
Trust account (Note 4)	2,907	2,574
	22,718	15,385

LIABILITIES	March 31 1991	Opening July 1st 1990
Current		
Accounts payable and accrued liabilities (Note 5)	7,018	4,239
Deferred parliamentary appropriation (Note 6)	2,848	1,090
	9,866	5,329
Accrued employee termination benefits	909	955
Trust account (Note 4)	2,907	2,574
	13,682	8,858
EQUITY		
Equity of Canada (Note 7)	9,036	6,527
	22,718	15,385

Approved by the Board of Trustees:

JEAN C. MONTY
Chairperson

KATHLEEN HERMANT
Vice-Chairperson

NATIONAL GALLERY OF CANADA—*Continued*

STATEMENT OF OPERATIONS
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Expenses	
Salaries and employee benefits	10,120
Protective services	3,261
Professional and special services	1,711
Amortization	1,622
Purchase of works of art for the collections (Note 9)	1,242
Cost of goods sold—Bookstore and publishing	1,222
Repairs and upkeep of equipment	921
Office supplies and equipment	586
Advertising	537
Publications	447
Travel	412
Postage, freight, express, and cartage	273
Communications	259
Materials and supplies	251
Purchase of reference material	182
Miscellaneous	175
	23,221
Revenue	
Bookstore and publishing	1,501
Admissions	581
Parking	283
Other	185
	2,550
Net cost of operations	20,671

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Operating activities	
Net cost of operations	(20,671)
Items not affecting funds	
Amortization	1,622
Employee termination benefits	(46)
Gain on disposal of capital assets	(7)
Increase in non-cash working capital components	4,342
Funds applied to operating activities	(14,760)
Investing activities	
Purchase of capital assets	(4,253)
Disposal of capital assets	10
Funds applied to investing activities	(4,243)
Financing activities	
Parliamentary appropriation—Operating and capital expenditure	23,180
Increase in the deposit with the Receiver General for Canada	4,177
Deposit at beginning of period	4,760
Deposit at end of period	8,937

STATEMENT OF EQUITY OF CANADA
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Net assets contributed by the Government of Canada on July 1, 1990	6,527
Parliamentary appropriation—Operating and capital expenditure	23,180
Net cost of operations	(20,671)
Balance at end of period	9,036

NATIONAL GALLERY OF CANADA—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority, objective, and operations

The National Gallery of Canada was established as at July 1, 1990 by the Museums Act as a Crown corporation under Part I of Schedule III to the Financial Administration Act.

The Gallery's mandate as stated in the Museums Act is to develop, maintain and make known throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians.

The Gallery's operations comprise the National Gallery of Canada and its affiliate the Canadian Museum of Contemporary Photography.

The Museums Act provides that all property, assets, rights, obligations, and liabilities of the National Museums of Canada pertaining to the National Gallery of Canada be transferred to the Gallery. These transfers were made at book value.

The Gallery operated through the Consolidated Revenue Fund for the nine months ended March 31, 1991, and did not receive or pay interest on outstanding balances.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The most significant accounting policies follow:

(a) Inventories

Inventories are valued at the lower of cost or market value. The market value of books and pamphlets is determined by the lower of the retail price or the net value. The net value is represented by the cost, which is written down on a straight-line basis over a five-year period to take into account obsolescence. All other stock items have a market value representing their retail price.

(b) Capital assets

Capital assets transferred from the National Museums of Canada on July 1, 1990, have been recorded at the book value on that date.

Capital assets are recorded at cost and amortized using the straight-line method over their estimated useful lives as follows:

Equipment and furniture	5 to 12 years
Leasehold improvements	25 years
Vehicles	5 years

Expenses related to the design and development of exhibits are charged to operations in the year in which they occur.

The cost of buildings occupied by the Gallery is not shown in the financial statements as they are owned and maintained by the Government of Canada.

(c) Collections

Collections constitute the major portion of the Gallery's assets but are shown at a nominal value of $1,000 on the balance sheet because of the practical difficulties of reflecting them at a meaningful value. Works of art purchased for the collections of the Gallery are, in the year of acquisition, recorded as an expense or accounted for in the trust account depending on the source of funds. Works of art donated to the Gallery are not recorded in the books of accounts.

(d) Pension plan

The employees of the Gallery participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Gallery contribute equally to the cost of the Plan. This contribution represents the total liability of the Gallery. Contributions in respect of current service are expended during the year in which services are rendered. With respect to admissible past service, contributions are expended when paid; the terms of payment are set by the applicable purchase conditions.

(e) Employee termination benefits

On termination of employment, employees of the Gallery are entitled to certain benefits provided for under their collective agreement and their conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(f) Parliamentary appropriation—Operating and capital expenditure

The parliamentary appropriation is recorded in the period to which it applies, and is credited to the Equity of Canada.

(g) Bookstore and publishing

Expenses of bookstore and publishing, including costs relating to personnel, travel, transportation and advertising are included in operating expenses.

3. Capital assets

	March 31 1991			July 1 1990
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Equipment and furniture	13,706	7,256	6,450	6,197
Leasehold improvements— In progress	2,325		2,325	
Vehicles	156	83	73	23
	16,187	7,339	8,848	6,220

NATIONAL GALLERY OF CANADA—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

4. Trust account

The Gallery deposits monies received for purposes consistent with its mandate in the Consolidated Revenue Fund. Section 29 of the Museums Act requires the Minister of Finance to pay interest on those monies. Section 42 of the Museums Act provided for the transfer from the former National Museums of Canada trust account those monies applicable to the purpose of the Gallery. The following summarizes the transactions of the period:

	(in thousands of dollars)
Balance transferred from National Museums of Canada	2,574
Revenue for the period	
Gifts and bequests	188
Grants under Section 29 of the Cultural Property Export and Import Act	144
Interest	233
	565
Expenditures for the period	
Purchase of works of art for the collections	189
Other	43
	232
Excess of revenue over expenditure	333
Balance at end of period	2,907

5. Accounts payable and accrued liabilities

	(in thousands of dollars)
Trade	3,566
Due to government departments and Crown corporations	2,462
Accrued salaries and vacation pay	743
Others	247
	7,018

6. Deferred parliamentary appropriation

The Gallery may defer the unspent balance, up to a maximum of $6,000,000, of appropriations for the acquisition of works of art for the collections. This provides the means to acquire historically important, unique, and high quality works that strengthen the collections when opportunities arise.

	(in thousands of dollars)
Deferred parliamentary appropriation from preceeding period	1,090
Transferred from Communications Canada on July 1, 1990 (Vote 67c)	3,000
Purchase of works of art for the collections of the Gallery	(1,242)
Deferred to the following year	2,848

7. Equity of Canada

The Equity of Canada represents the book value of assets and liabilities transferred from the former National Museums of Canada as of July 1, 1990 and the net results of the operations of the Gallery since that date.

8. Related party transactions

(a) Services provided without charge

Services provided without charge by government departments and agencies have been evaluated and include accommodation, cheque issue, other accounting services, and the employer's portion of Workman's Compensation payments.

	(in thousands of dollars)
Public Works Canada—	
Accommodation	7,962
Others	42
	8,004

These services provided without charge are not recorded in the financial statements.

(b) Canadian Museum of Contemporary Photography (CMCP)

The National Capital Commission is providing, on a cost recovery basis, project management services to the CMCP, which include the construction work, the fit-up, and other expenditures (including consultant fees) related to the new CMCP facility. The total construction costs are estimated at $16.7 million, of which the Gallery's share is $3,559,000. An amount of $730,000 was charged to previous years' operating expenditures by the National Museums of Canada. The remaining $2,829,000 of which $1,880,000 related to this nine-month period, is being capitalized and will be amortized over a period of 25 years, representing the estimated life of the facility. It is expected that the facilities of the CMCP will open during the summer of 1992.

9. Collections

In the period, the acquisitions of works of art for the collections were made through the following:

	(in thousands of dollars)
Purchase from appropriation	1,242
Purchase from trust account	189
Gift or bequest, at fair market value	4,312
	5,743

NATIONAL GALLERY OF CANADA—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

10. Commitments

As at March 31, 1991, the Gallery has entered into various agreements for a total of approximately $22,935,000. The future minimum payments required are as follows:

	(in thousands of dollars)
1991-92	5,454
1992-93	4,404
1993-94	377
1994-95	347
1995-96 and thereafter	12,353

The major agreements include the construction of the new Canadian Museum of Contemporary Photography and the protective services.

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by Management in accordance with generally accepted accounting principles and the integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the Financial Administration Act and regulations as well as the Museums Act and by-laws of the corporation.

The Board of Trustees is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee which includes a majority of members who are not officers of the corporation. The Committee meets with Management and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Trustees. The Board of Trustees has reviewed and approved the financial statements.

The corporation's external auditor, the Auditor General of Canada, examines the financial statements and reports to the Minister responsible for the National Museum of Science and Technology.

Geneviève Sainte-Marie, Ph. D.
Director

Laurent Nadon
Director General, Management Services

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the National Museum of Science and Technology as at March 31, 1991 and the statements of operations, equity of Canada and changes in financial position for the nine months then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the nine months then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Museums Act and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 19, 1991

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	March 31 1991	Opening July 1st 1990	LIABILITIES	March 31 1991	Opening July 1st 1990
Current			Current		
Deposit with Receiver General			Accounts payable and accrued liabilities		
for Canada	4,369	1,612	—Government departments	2,195	508
Accounts receivable			—Other	2,390	1,512
—Government departments	164	139	Deferred parliamentary appropriation	197	170
—Other	30	87	Current portion of accrued employee		
Inventories (Note 3)	260	241	termination benefits	201	171
Prepaid expenses	446			4,983	2,361
	5,269	2,079	Accrued employee termination benefits	788	735
Trust account (Note 4)	351	423	Trust account (Note 4)	351	423
Collection	1	1			
Property and equipment (Note 5)	5,494	2,693	EQUITY		
			Equity of Canada	4,993	1,677
	11,115	5,196		11,115	5,196

Approved by Management:

GENEVIÈVE STE-MARIE
Director

LAURENT NADON
Director General

Approved by the Board of Trustees:

DAVID M. CULVER
Chairperson

LEON LOUCKS
Chairman, Audit Committee

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

STATEMENT OF OPERATIONS
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Revenue	
Admission fees	294
Publishing and museum gift stores	296
Other sales and services	17
	607
Expenses	
Personnel costs	7,027
Professional and special services	1,139
Amortization	741
Repair and upkeep of equipment	504
Protection services	493
Publications	397
Materials and supplies	337
Freight, express and cartage	218
Travel	200
Purchase of objects for the collection	173
Design and display	157
Communications	124
Office supplies and equipment	114
Advertising	107
Rentals	99
Miscellaneous	85
Publishing and museum gift stores	220
	12,135
Excess of expenses over revenue	11,528

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Operating activities	
Excess of expenses over revenue	(11,528)
Items not affecting funds	
Amortization	741
Employee termination benefits	83
Loss on disposal of capital assets	10
Change in non-cash operating working capital items	2,159
Funds applied to operating activities	(8,535)
Financing activities	
Parliamentary appropriation	14,844
Investing activities	
Additions to capital assets	(3,552)
Increase in deposit with the Receiver General for Canada	2,757
Deposit at the beginning of the period	1,612
Deposit at the end of the period	4,369

STATEMENT OF EQUITY OF CANADA
FOR THE NINE MONTHS
ENDED MARCH 31, 1991
(in thousands of dollars)

	1991
Balance at the beginning of the period	1,677
Parliamentary appropriation (Note 6)	14,844
Excess of expenses over revenue	(11,528)
Balance at the end of the period	4,993

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority, mandate and operations

The National Museum of Science and Technology was established by the Museums Act on July 1st, 1990, and is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The mandate of the corporation as stated in the Act is to foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technical objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

The corporation's operations comprise the National Museum of Science and Technology, the National Aviation Museum and common support activities.

The National Museum of Science and Technology was previously under the jurisdiction of the National Museums of Canada. On the establishment of the new corporation, all rights, obligations and liabilities of the National Museums of Canada in relation to the National Museum of Science and Technology became rights, obligations and liabilities of the National Museum of Science and Technology. Total transfer of assets less assumed liabilities resulted as of July 1st, 1990 in an excess of assets over liabilities represented by Equity of Canada of $1,676,892. Capital assets were recorded at their original cost with related accumulated amortization.

2. Accounting policies

(a) Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined using the first in, first out method.

(b) Collection

The collection constitutes the major portion of the corporation's assets but is shown at a nominal value of $1,000 on the balance sheet because of the practical difficulties in reflecting it at a meaningful value. Objects purchased for the collection are recorded as expenses in the year of acquisition. Objects donated to the corporation are not recorded in the books of accounts.

(c) Property and equipment

Property and equipment transferred from the national Museums of Canada are recorded at their original cost with related accumulated amortization; subsequent acquisitions are recorded at cost. Capital assets are amortized using the straight-line method over their estimated useful lives as follows:

Building renovations	10 to 25 years
Equipment	5 to 12 years
Office furniture	5 to 10 years

(d) Pension plan

The employees of the corporation participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the corporation. Contributions in respect of current service are expensed during the year in which the service is rendered. Contributions in respect of admissible past service are expensed when paid; the terms of payment are set by the applicable purchase conditions.

(e) Publishing and gift store operations

Operating expenses of publishing and gift stores, including costs relating to personnel, travel, transportation, advertising, building maintenance, rent and utilities, are included in operating expenses.

(f) Employee termination benefits

On termination of employment, employees of the corporation are entitled to certain benefits provided for under their collective agreement and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

3. Inventories

	March 31 1991	July 1st 1990
	(in thousands of dollars)	
Books, pamphlets, replicas and other materials	185	236
Publications in process	75	5
	260	241

4. Trust account

This account was established by sub-section 15(1)(m) of the Museums Act, and is credited with moneys received by the corporation by way of gift, bequest or otherwise, interest on securities, rent or sales of real property acquired by the corporation by way of gift, bequest or otherwise, and an amount representing interest on the balance from time to time to the credit of the account. The account is charged with amounts expended for the purpose for which such moneys or property were given, bequeathed or otherwise made available to the corporation.

	(in thousands of dollars)
Receipts	
Gifts and bequests	8
Interest income	36
	44
Disbursements	116
Excess of disbursements over receipts	(72)
Balance at the beginning of the period	423
Balance at the end of the period, represented by deposit with the Receiver General for Canada	351

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

5. Property and equipment

	March 31 1991			July 1st 1990
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Building renovations	2,766	108	2,658	261
Equipment	2,488	1,137	1,351	1,267
Office furniture	2,956	1,471	1,485	1,165
	8,210	2,716	5,494	2,693

6. Parliamentary appropriation

Operating expenditures and the acquisition of capital assets are financed by a parliamentary appropriation. The amount deferred represents the funds available for the purchase of objects for the collection of the corporation until the end of the next year.

	(in thousands of dollars)
Department of Communications	
Vote 72	15,079
Amount lapsed	(38)
Amount deferred	(197)
Amount used	14,844

7. Related party transactions

Through common ownership, the corporation is related to all government of Canada departments, agencies and Crown corporations. The rental of building space by the corporation is a service supplied without charge by the Government of Canada. The corporation also received without charge employee compensation, accounting and audit services from different departments and agencies. The value of such services is estimated at $4,416,000 and is not included in operating expenses.

The corporation also incurred expenses for the work and services provided by other government departments and agencies. These transactions were conducted in the normal course of operations, under the same terms and conditions that applied to outside parties.

8. Commitments

As at March 31, 1991, the corporation had entered into various agreements mainly for the provision of protection services and for renovations to the main building of the National Museum of Science and Technology. The future minimum payments required under these agreements are as follows:

	(in thousands of dollars)
1991-92	1,995,906
1992-93	874,175

OLD PORT OF MONTREAL CORPORATION INC.

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of the Old Port of Montreal Corporation Inc. as at March 31, 1991 and the statements of transactions and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the charter and by-laws of the Corporation, as well as the agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 31, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash	5,469,189	2,549,204
Accounts receivable	471,190	203,016
Due from Minister of Public Works (Note 3)	197,295	
Prepaid expenses	11,454	35,782
	6,149,128	2,788,002

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable	5,827,555	1,069,733
Due to Minister of Public Works (Note 3)		1,321,505
Due to Receiver General for Canada (Note 4)	36,993	179,392
	5,864,548	2,570,630
Provision for employee termination benefits	284,580	217,372
	6,149,128	2,788,002
Contingent liability (Note 7)		
SHAREHOLDER'S EQUITY		
Capital stock (Note 5)		
	6,149,128	2,788,002

Approved by the Board:

DANIÈLE TOUCHETTE-ROBITAILLE
Director

BENOIT LEMAY
Director

OLD PORT OF MONTREAL CORPORATION INC.—*Continued*

STATEMENT OF TRANSACTIONS CARRIED OUT AS AGENT AND ON BEHALF OF THE MINISTER OF PUBLIC WORKS FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Expenditures		
Operating		
Maintenance of property and space rentals	2,487,235	1,546,633
Permanent personnel	2,324,211	1,775,807
Animation programs	1,140,577	948,330
Administration	667,024	656,730
Professional services	330,655	268,122
Communications	316,195	282,512
	7,265,897	5,478,134
Capital	11,694,114	2,176,692
Total expenditures	18,960,011	7,654,826
Proceeds from other than the direct use of capital assets		
Income produced by animation programs		
Programs carried out by the Corporation	4,791,224	3,758,065
Less royalties to third parties	3,201,144	2,708,000
	1,590,080	1,050,065
Parking	1,467,855	923,144
Concessions	323,454	353,814
Other	85,964	24,364
	3,467,353	2,351,387
Interest, related principally to the receipt of parliamentary appropriations in advance of disbursements	373,858	254,691
	3,841,211	2,606,078
Net expenditures to be funded (Note 3)	15,118,800	5,048,748
Cumulative net expenditures since November 26, 1981	91,351,770	76,232,970
Proceeds from the direct use of capital assets		
Parking	493,848	468,700
Rentals	125,778	39,784
Mooring and anchoring	44,817	47,006
Proceeds from disposal of capital assets	500	70,000
Direct proceeds to be remitted (Note 4)	664,943	625,490
Cumulative direct proceeds since November 26, 1981	2,566,667	1,901,724
Excess of net expenditures over direct proceeds		
For the year	14,453,857	4,423,258
Cumulative since November 26, 1981	88,785,103	74,331,246

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Transactions carried out as agent and on behalf of the Minister of Public Works		
Operating expenditures	(7,265,897)	(5,478,134)
Proceeds from other than the direct use of capital assets	3,841,211	2,606,078
Proceeds from the direct use of capital assets	664,943	625,490
Remittances to the Consolidated Revenue Fund	(807,342)	(475,965)
	(3,567,085)	(2,722,531)
Increase in accounts receivable	(268,174)	(82,620)
Decrease (increase) in prepaid expenses	24,328	(31,857)
Increase (decrease) in accounts payable	4,757,822	(260,939)
Increase in the provision for employee termination benefits	67,208	53,682
	1,014,099	(3,044,265)
Investing activities		
Capital expenditures carried out as agent and on behalf of the Minister of Public Works	(11,694,114)	(2,176,692)
Financing activities		
Parliamentary appropriation	13,600,000	6,055,150
Cash		
Increase for the year	2,919,985	834,193
Balance at beginning of the year	2,549,204	1,715,011
Balance at end of the year	5,469,189	2,549,204

OLD PORT OF MONTREAL CORPORATION INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1991

1. Authority and activities

The Old Port of Montreal Corporation Inc. was incorporated on November 26, 1981 under the Canada Business Corporations Act and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

Effective February 1, 1982, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation is responsible for developing and for promoting the development of the lands of the Old Port of Montreal, and for administering, managing, and maintaining the property of Her Majesty located therein. The Corporation fulfills this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the capital assets for the benefit of Her Majesty.

2. Significant accounting policies

(a) Financial statements presentation

The financial statements present transactions carried out by the Corporation as agent and on behalf of the Minister of Public Works. All expenditures, net of proceeds from other than the direct use of capital assets, are reimbursable to the Corporation. Proceeds from the direct use of capital assets are payable to the Receiver General for Canada.

Differences between parliamentary appropriations received and net reimbursable expenditures are recorded by the Corporation as due from or due to the Minister of Public Works.

(b) Expenditures of a capital nature

Expenditures of a capital nature represent costs which significantly increase the value or extend the useful lives of properties administered by the Corporation. They also include costs of demolishing structures.

(c) Employee termination benefits

On termination of employment, employees of the Corporation are entitled to certain benefits provided for under the salary administration policy of the Corporation. The cost of these benefits is recorded in the year in which they are earned by the employees.

(d) Retirement savings plan

The Corporation has established a group retirement savings plan under which a single trust was established with a private sector organization in order to accumulate contributions to provide a retirement income for the employees through individually registered retirement savings plans. All contributions are paid by the employees, the Corporation acting solely as an agent without incurring any liability.

3. Due from (due to) Minister of Public Works

	1991	1990
	$	$
Balance at beginning of the year	(1,321,505)	(315,103)
Net expenditures	15,118,800	5,048,748
	13,797,295	4,733,645
Less:		
Funds drawn from Vote 20 of Department of Public Works for the Old Port of Montreal Corporation Inc.	(13,600,000)	(6,055,150)
Balance at end of the year	197,295	(1,321,505)

4. Due to Receiver General for Canada

	1991	1990
	$	$
Balance at beginning of the year	179,392	29,867
Direct proceeds	664,943	625,490
	844,335	655,357
Remittances to the Consolidated Revenue Fund	(807,342)	(475,965)
Balance at end of the year	36,993	179,392

5. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada, which may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

6. Commitments

As at March 31, 1991, the commitments, mainly for the development of the lands, totalled $10,442,902 ($985,368 as at March 31, 1990).

7. Contingent liability

As operator of the Expotec/Imax program, the Corporation has committed itself to take charge of the contingent liability which may result from a litigation between a municipal corporation and a services supplier. The Corporation considers that this lawsuit is ill-founded and consequently no provision has been recorded as at March 31, 1991. Any payment resulting from this commitment would be charged to the year during which the Corporation would actually be compelled to pay. As at March 31, 1991, the Corporation estimates this contingent liability to be approximately $1,100,000.

Various claims and lawsuits and a prosecution have been brought against the Corporation. It is the opinion of management that the conclusion of these actions will not result in any material liabilities to the Corporation.

PACIFIC PILOTAGE AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Pacific Pilotage Authority as at December 31, 1990 and the statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Pilotage Act and regulations and the by-laws of the Authority.

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada
February 1, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Current		
Cash and short-term deposit	839	965
Accounts receivable	2,356	2,584
Prepaid expenses	70	44
	3,265	3,593
Property and equipment (Note 3)	680	673
	3,945	4,266

LIABILITIES	1990	1989
Current		
Accounts payable and accrued liabilities	1,615	1,511
Long-term		
Accrued employee termination benefits	465	455
Obligation under capital lease (Note 4)	24	26
	489	481
	2,104	1,992
EQUITY OF CANADA		
Contributed capital	806	806
Retained earnings	1,035	1,468
	1,841	2,274
	3,945	4,266

Approved by the Authority:

R. SMITH
Chairman

M. FELLIS
Member

PACIFIC PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenues		
Pilotage charges	29,224	25,168
Interest and other income	104	171
	29,328	25,339
Expenses		
Contract pilots' fees	20,718	17,441
Operating costs of pilot boats	3,055	2,883
Transportation and travel	3,007	2,604
Staff salaries and benefits	1,311	1,256
Pilots' salaries and benefits	841	769
Professional and special services	222	189
Rentals	190	167
Amortization	112	111
Utilities, materials and supplies	98	153
Communications	93	83
Computer software costs	85	110
Repairs and maintenance	19	46
Interest on capital lease	7	8
Other	3	
	29,761	25,820
Net loss for the year	433	481

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Operating activities		
Net loss for the year	(433)	(481)
Items not affecting cash		
Amortization	112	111
Loss on disposal of property and equipment	3	
Employee termination benefits	10	45
Change in non-cash operating components of working capital	306	180
Cash required for operating activities	(2)	(145)
Investing activities		
Additions to property and equipment	(122)	(66)
Financing activities		
(Decrease) increase in long-term obligation under capital lease	(2)	26
Decrease in cash	(126)	(185)
Cash and short-term deposit at beginning of the year	965	1,150
Cash and short-term deposit at end of the year	839	965

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Appropriated		
Balance at beginning and end of the year	500	500
Unappropriated		
Balance at beginning of the year	968	1,449
Net loss for the year	433	481
Balance at end of the year	535	968
	1,035	1,468

PACIFIC PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Authority and objectives

The Pacific Pilotage Authority was established in 1972 pursuant to the Pilotage Act. The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act further provides that the tariffs of pilotage charges shall be fair and reasonable and consistent with providing a revenue, together with any revenue from other sources, sufficient to permit the Authority to operate on a self-sustaining financial basis.

Pilotage services on the Fraser River are provided by employee pilots and in other coastal waters under a contract with a local licensed pilots' company.

The Authority is a Crown corporation named in Part I of Schedule III to the Financial Administration Act and is not subject to any income taxes.

2. Significant accounting policies

Capital leases

Under the terms of certain lease agreements the Authority assumes the rights and obligations of ownership. These leases are treated as capital leases. An asset and an obligation are recorded at an amount equal to the market value of the asset at the beginning of the lease. The obligation is reduced each year by the principal portion of the lease payments and the interest portion is charged to expense.

Amortization

Amortization of property and equipment is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Pilot boats	25 years
Equipment—Communication and other	10 years
—Computer	5 years
Leasehold improvements	15 years

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these payments is recorded in the accounts as the benefits accrue to the employees.

Contributed capital

Amounts representing the values assigned to property and equipment transferred from Canada in 1972 and the cost of any property and equipment financed from parliamentary appropriations are shown as contributed capital.

Retained earnings

Amounts are appropriated from time to time by the Authority to provide for extraordinary costs arising from renewal or acquisition of capital assets and for contingencies.

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

3. Property and equipment

	1990			1989
	Cost	Accumulated amortization	Net	Net
	(in thousands of dollars)			
Buildings	40	38	2	4
Pilot boats	1,291	833	458	410
Equipment				
—Communication and other	653	538	114	115
—Computer	350	285	65	100
Leasehold improvements	60	20	41	44
	2,394	1,714	680	673

The above assets include a computer under a capital lease at a total value of $43,375 (1989—$43,375) less accumulated amortization of $17,347 (1989—$8,671).

4. Obligation under capital lease

	1990	1989
	(in thousands of dollars)	
Total minimum payments under 18% capital lease agreement due February 1994, payable in blended monthly payments of $1,094	42	55
Amount representing interest	10	16
Balance of obligation	32	39
Current portion	8	13
Long-term portion	24	26

The Authority has an option to purchase the computer, at any time, at a price to be determined when the option is exercised.

5. Commitments

The Authority has a long-term operating lease obligation for office accommodation aggregating $780,840 to December 31, 1999 at a base annual rent of $86,760. The obligation also calls for pro-rata share of operating costs estimated at $32,000 for 1991.

The Authority has an operating lease agreement for the services of a manned pilot boat until December 31, 1993. For the calendar year 1991, rent shall be $24,565 per month. The rent for 1992 and 1993 is still to be negotiated. The Authority holds an option to cancel the contract any time during the period on 30 days notice. If, however, the Authority does exercise the option, the Authority has the obligation to purchase the boat at current market value.

PETRO-CANADA

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements have been prepared by management in accordance with generally accepted accounting principles appropriate in the circumstances. Management is responsible for the other information in the Annual Report, which is consistent, where applicable, with that contained in the financial statements. Management is also responsible for installing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced. The Company has an internal audit department whose functions include reviewing the system of internal control to ensure that it is adequate and functioning properly.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. This responsibility has been carried out by the Board of Directors of Petro-Canada Limited (formerly Petro-Canada), the former parent company, principally through its Audit Committee. The Audit Committee has met with management, the internal auditors and the external auditors to satisfy itself that responsibilities were discharged properly and to review the financial statements.

The external auditors conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Company's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Audit Committee of the Board.

AUDITORS' REPORT

TO THE HONOURABLE JOHN McDERMID, P.C., M.P.
MINISTER OF STATE (PRIVATIZATION AND REGULATORY AFFAIRS)
HOUSE OF COMMONS, OTTAWA, ONTARIO

We have audited the consolidated balance sheet of Petro-Canada (formerly Petro-Canada Inc.) as at December 31, 1990 and 1989 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1990 and 1989 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, except for the change in the method of accounting for capital asset writedowns as explained in Note 3(b) to the consolidated financial statements, the accounting principles have been applied, after giving retroactive effect to the change in the method of accounting for extraordinary items as explained in Note 3(a) to the consolidated financial statements, on a consistent basis.

Further, we have audited the transactions of the Company and its consolidated wholly-owned subsidiaries that came to our notice in the course of the above mentioned audits, to determine whether they were in accordance with Part X of the Financial Administration Act, the regulations, the charter and by-laws of the Company and its consolidated wholly-owned subsidiaries and any directives given to the Company pursuant to the Act. Our examinations of these transactions were made in accordance with generally accepted auditing standards. In our opinion, these transactions were, in all significant respects, in compliance with the authorities specified.

Arthur Andersen & Co.
Chartered Accountants

Calgary, Canada
February 15, 1991

PETRO-CANADA—*Continued*

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1990
(stated in millions of dollars)

ASSETS	1990	1989	LIABILITIES AND SHAREHOLDER'S EQUITY	1990	1989
		(Restated) (Note 3)			(Restated) (Note 3)
Current assets			Current liabilities		
Cash and short-term deposits	36	27	Short-term notes payable (Note 19)	705	710
Accounts receivable (Note 10)	773	808	Accounts payable and accrued liabilities	1,043	875
Inventories (Note 11)	964	677	Income taxes payable	134	197
Prepaid expenses	48	45	Advances (Note 19)		148
	1,821	1,557	Current portion of long-term debt		6
Investments (Note 12)	504	467		1,882	1,936
Property, plant and equipment, net (Note 13)	4,778	4,626	Long-term debt (Note 15)	1,537	1,232
Other assets (Note 14)	175	93	Deferred credits (Note 16)	191	231
			Deferred income taxes	997	967
			Shareholder's equity (Note 17)	2,671	2,377
	7,278	6,743		7,278	6,743

Approved on behalf of the Board:

W.H. HOPPER
Director

J.M. STANFORD
Director

PETRO-CANADA—*Continued*

CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1990
(stated in millions of dollars)

	1990	1989
		(Restated) (Note 3)
Revenue		
Operating	5,680	4,852
Investment and other income	193	174
	5,873	5,026
Expenses		
Crude oil and product purchases	2,501	1,977
Marketing, general and administrative (Note 5)	995	1,064
Producing and refining	839	814
Exploration	111	98
Depreciation, depletion and amortization	373	396
Federal sales and other taxes (Note 6)	429	384
Interest on long-term debt	137	101
Other interest	141	121
	5,526	4,955
Earnings before income taxes	347	71
Provision for income taxes (Note 7)		
Current	130	52
Deferred	36	(1)
	166	51
Net earnings	181	20

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1990
(stated in millions of dollars)

	1990	1989
		(Restated) (Note 3)
Retained earnings (deficit) at beginning of year, as previously reported		(987)
Prior period adjustment (Note 3)	(173)	(148)
Retained earnings (deficit) at beginning of year, as restated	(173)	(1,135)
Transfer from contributed surplus (Note 17)	135	987
Net earnings	181	20
Dividends on common shares	(45)	(45)
Retained earnings (deficit) at end of year	98	(173)

CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990
(stated in millions of dollars)

	1990	1989
		(Restated) (Note 3)
Operating activities		
Net earnings	181	20
Non-cash items included in earnings (Note 8)	329	334
Exploration expenses	111	98
Cash flow from operations	621	452
Decrease in advances on future natural gas deliveries	(20)	(26)
Increase in operating working capital (Note 9)	(307)	(22)
	294	404
Investing activities		
Acquisition of ICG Propane Inc. (Note 4)	(235)	
Expenditures on property, plant and equipment and exploration	(643)	(568)
Proceeds from sale of property, plant and equipment	256	118
(Increase) decrease in investments, net	(50)	76
Increase in other assets, net	(17)	(18)
	(689)	(392)
Financing activities and dividends		
Proceeds from issue of long-term debt	347	240
Proceeds from issue of common shares	158	
Decrease in short-term notes payable, net	(5)	(258)
Dividends on common shares	(45)	(45)
Reduction of long-term debt	(51)	(6)
	404	(69)
Increase (decrease) in cash	9	(57)
Cash and short-term deposits at beginning of year	27	84
Cash and short-term deposits at end of year	36	27

PETRO-CANADA—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990
(stated in millions of dollars)

1. Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of Petro-Canada (formerly Petro-Canada Inc.) and of all subsidiary companies ("the Company").

The excess of the consideration paid for the shares of subsidiaries over the underlying net book values at the dates of acquisition is attributed to the related assets acquired and is amortized over the life of these assets.

(b) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of crude oil, refined products and merchandise is determined on a "first-in, first-out" basis.

(c) Investments

The Company accounts for investments in companies over which it has significant influence on the equity method. Other long-term investments are accounted for on the cost method.

(d) Property, plant and equipment

The Company accounts for its investment in exploration and development activities on the successful efforts method. Under this method the acquisition cost of unproved acreage is capitalized. Costs of exploratory wells are initially capitalized pending determination of proved reserves and costs of wells which are assigned proved reserves remain capitalized while costs of unsuccessful wells are charged to earnings. All other exploration costs are charged to earnings as incurred. Development costs, including the cost of all wells, are capitalized.

Substantially all of the Company's exploration and development activities are conducted jointly with others. Only the Company's proportionate interest in such activities is reflected in the financial statements.

The interest cost of debt attributable to the construction of major new facilities is capitalized during the construction period.

Overburden removal costs relating to oil sands which will be mined in future years are deferred and are charged to earnings when the related oil sands are mined.

(e) Depreciation, depletion and amortization

The carrying amounts of significant unproved properties are evaluated periodically for impairment with any such impairment being charged to earnings. The cost of other unproved properties is amortized over their average holding period.

Depreciation and depletion of capitalized costs of oil and gas producing properties is calculated using the unit of production method.

Depreciation of other plant and equipment is provided on either the unit of production method or the straight line method as appropriate. Straight line depreciation rates are based on the estimated service lives of the related assets.

(f) Income taxes

The Company makes full provision for income taxes deferred as the result of claiming depreciation, exploration, development and other costs for income tax purposes which differ from the related amounts charged to earnings.

(g) Translation of foreign currency

Monetary assets and liabilities are translated into Canadian dollars at rates of exchange in effect at the balance sheet date. Other assets and related depreciation, depletion and amortization, other liabilities, revenue and other expense items are translated at rates of exchange in effect at the respective transaction dates. The resulting exchange gains or losses are included in earnings, except for unrealized exchange gains or losses arising on translation of long-term debt, which are deferred and amortized over the remaining term of the debt.

Foreign operations are integrated with the Company's other activities and are translated in the manner described above.

(h) Postemployment benefits

In addition to its pension plans the Company provides for other postemployment benefits, including health, dental and life insurance, to its qualifying retirees. The cost of these benefits is charged to earnings when paid by the Company.

2. The Petro-Canada Public Participation Act

On February 1, 1991 the Petro-Canada Public Participation Act ("the Act") received Royal Assent. The Act authorizes the Company to proceed with an Initial Public Offering of shares of the Company to the public subject to restrictions on non-resident and individual share ownership of 25% and 10%, respectively.

The Act also provides that:

— the name of the Company is changed from Petro-Canada Inc. to Petro-Canada,
— the name of the former parent company is changed from Petro-Canada to Petro-Canada Limited,
— the shares of the Company held by Petro-Canada Limited are transferred to the Minister of State (Privatization and Regulatory Affairs),
— the Company's head office will be situated in Calgary, and
— the sale of substantially all of the assets of individual business segments is restricted.

The Company is negotiating arrangements for its short-term and long-term financing requirements, including the servicing and refinancing of its present indebtedness to Petro-Canada Limited.

3. Accounting changes and prior period adjustment

Changes in accounting policies

(a) In 1990 the Company adopted, retroactively, the new recommendations of the Canadian Institute of Chartered Accountants on the presentation of extraordinary items. Items previously reported as extraordinary have been reclassified as expenses of continuing operations and the related income tax effects have been included with the provision for income taxes.

PETRO-CANADA—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

(b) In 1990 the Company adopted, prospectively, the new recommendations of the Canadian Institute of Chartered Accountants on capital asset writedowns. The new recommendations require a writedown when the net carrying amount of an asset exceeds the net recoverable amount. Previously the Company applied a "ceiling test" to capitalized costs of oil and gas producing properties to ensure that these costs in each individual field did not exceed the fair market value of the related proved reserves. The effect of this change was to increase 1990 net earnings by $31 million.

Prior period adjustment

In 1990 the Company was reassessed for income taxes and related interest for the 1983 taxation year and was notified of proposed reassessments for other years prior to 1990. As a result, the previously reported income tax provisions, net earnings and retained earnings have been adjusted and the financial statements for these years have been restated. Accordingly, retained earnings as at January 1, 1990 and 1989 have been reduced by $173 million and $148 million, and 1990 and 1989 net earnings have been reduced by $17 million and $25 million, respectively.

4. Acquisition of ICG Propane Inc.

In 1990 the Company completed its acquisition of ICG Propane Inc., the propane division of Inter-City Gas Corporation. This acquisition was effective January 1, 1990 and has been accounted for by the purchase method as follows:

	1990	
Book value of assets acquired		164
Book value of assumed liabilities		(78)
		86
Excess of attributed value over book value of acquired net assets		
Property, plant and equipment	71	
Goodwill	78	149
Total cost of acquisition		235

Funds for the acquisition were provided from cash flow from operations and short-term borrowings.

5. Marketing, general and administrative

In 1989 the Company implemented an internal reorganization program which resulted in a staff reduction. The cost of this program, in the amount of $92 million, is included in 1989 marketing, general and administrative expenses.

6. Taxes and Crown royalties

	1990	1989
Items included in the statement of earnings		
Federal sales taxes	363	328
Other taxes	66	56
	429	384
Provision for income taxes	166	51
	595	435

In addition, Crown royalties paid and paid in kind of $136 million (1989—$133 million) together with federal excise taxes and provincial fuel and sales taxes of $1,675 million (1989—$1,554 million) are not included in the statement of earnings.

7. Income taxes

The provision for income taxes of $166 million (1989—$51 million) represents an effective rate of 47.8% (1989—71.8%) on earnings before income taxes of $347 million (1989—$71 million). The computation of the provision, which requires adjustment to earnings before income taxes for non-taxable and non-allowable items, is as follows:

	1990	1989
Earnings before income taxes	347	71
Add (deduct)		
Royalties and other payments to provincial governments, net	139	137
Federal allowances		
Resource allowances	(133)	(103)
Tax depletion		(36)
Non-deductible depreciation, depletion and amortization	73	68
Non-deductible interest	17	20
Non-taxable gains	(6)	(7)
Equity in earnings of affiliates	(37)	(31)
Other	(19)	(8)
Earnings as adjusted before income taxes	381	111
Canadian Federal income tax at 38.0% (1989—39.5%) applied to earnings as adjusted	145	44
Large Corporations Tax	10	5
Provincial and other income taxes, net of federal abatement	13	7
Provincial income tax rebates	(2)	(5)
Provision for income taxes	166	51

8. Non-cash items included in earnings

	1990	1989
Depreciation, depletion and amortization	373	396
Gain on sale of property, plant and equipment	(69)	(45)
Deferred income taxes	36	(1)
Equity earnings, net of dividends received	(9)	(6)
Other	(2)	(10)
	329	334

9. Increase in operating working capital

	1990	1989
Accounts receivable	35	(73)
Inventories	(287)	(117)
Prepaid expenses	(3)	(4)
Accounts payable and accrued liabilities	168	110
Income taxes payable	(63)	17
Advances	(148)	45
Other	(9)	
	(307)	(22)

PETRO-CANADA—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

Operating working capital is comprised of working capital other than cash and short-term deposits, short-term notes payable and current portion of long-term debt.

10. Accounts receivable

In 1990 the Company entered into an agreement to sell, with limited recourse, accounts receivable on a revolving basis. As at December 31, 1990 accounts receivable of $212 million have been sold pursuant to this agreement, resulting in cash proceeds of $200 million.

11. Inventories

	1990	1989
Crude oil, refined products and merchandise	907	615
Materials and supplies	57	62
	964	677

12. Investments

	1990	1989
At equity		
Westcoast Energy Inc.	353	293
Petro-Canada Centre	92	94
Other	28	42
At cost		
Mortgages and other investments	31	38
	504	467

Westcoast Energy Inc. ("Westcoast")

At December 31, 1990 the Company held approximately 37% (1989—37%) of the outstanding common shares of Westcoast with a quoted market value of $453 million (1989—$378 million).

Petro-Canada Centre

The Company owns 50% of Petro-Canada Centre, an office complex in Calgary. The Company has entered into a long-term lease for use of a portion of the complex and, as at December 31, 1990, has provided support for a guarantee of $230 million of long-term debt related to the facility.

13. Property, plant and equipment

	1990			1989			Capital expenditures	
	Cost	Accumulated depreciation, depletion and amortization	Net	Cost	Accumulated depreciation, depletion and amortization	Net	1990	1989
Natural resources								
Oil and gas								
Canada	3,669	1,972	1,697	3,746	2,030	1,716	237	187
Foreign	18	3	15	87	57	30	5	22
Oil sands								
Syncrude project	787	197	590	764	173	591	23	13
Other	217	217		212	212		5	7
Natural gas liquids	228	114	114	217	103	114	11	4
Other	77	56	21	76	53	23	1	3
	4,996	2,559	2,437	5,102	2,628	2,474	282	236
Refined products								
Refining	1,838	579	1,259	1,762	495	1,267	89	115
Marketing and other	1,060	246	814	950	198	752	132	94
	2,898	825	2,073	2,712	693	2,019	221	209
Other property, plant and equipment	509	241	268	322	189	133	29	25
	8,403	3,625	4,778	8,136	3,510	4,626	532	470

Capital expenditures include $2 million (1989—$nil) of capitalized interest.

PETRO-CANADA—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

14. Other assets

	1990	1989
At cost		
Oil sands overburden removal costs	47	43
Less portion related to oil sands to be mined within one year	21	18
	26	25
Deferred pension funding	32	36
At amortized cost		
Goodwill	72	1
Deferred financing costs	18	17
Other	27	14
	175	93

15. Long-term debt

	Maturity	1990	1989
In Canadian dollars			
8.25% unsecured notes			11
In United States dollars			
7.75% unsecured notes			14
9% unsecured notes			26
LIBOR less 0.8% unsecured notes (U.S. $125 million)	1995	145	144
7.25% unsecured debentures (U.S. $200 million)[1]	1996	232	232
9.50% unsecured debentures (U.S. $200 million)[1]	2003	232	232
8.60% unsecured debentures (U.S. $300 million)[1]	2010	348	
8.25% unsecured debentures (U.S. $200 million)[1]	2016	232	232
9.70% unsecured debentures (U.S. $100 million)[1]	2018	116	115
8.80% unsecured debentures (U.S. $200 million)[1]	2019[2]	232	232
		1,537	1,238
Less current portion			6
		1,537	1,232

[1] Due to Petro-Canada Limited (Note 19).
[2] Redeemable in 2004 at the option of the holder thereof.

The minimum repayment of long-term debt in the next five years is $145 million in 1995.

16. Deferred credits

	1990	1989
Translation adjustment on long-term debt	100	114
Advances on future natural gas deliveries	49	69
Long-term liabilities	42	48
	191	231

17. Shareholder's equity

	1990	1989
Common shares	1	1,000
Contributed surplus	2,572	1,550
Retained earnings (deficit)	98	(173)
	2,671	2,377

The authorized share capital of the Company is comprised of an unlimited number of:

(a) Canadian dollar cumulative, redeemable, preferred shares without nominal or par value;

(b) U.S. dollar cumulative, redeemable, preferred shares without nominal or par value;

(c) Class A non-cumulative, non-voting, preferred shares without nominal or par value; and

(d) Common shares without nominal or par value.

PETRO-CANADA—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

Changes in Share Capital and Contributed Surplus were as follows:

	1990			1989		
	Common shares			Common shares		
	Shares	Amount	Contributed surplus	Shares	Amount	Contributed surplus
Balance at beginning of year	4,216,011	1,000	1,550	4,216,011	1,000	2,537
Issued for cash	189,910	158				
Reduction of stated capital		(1,157)	1,157			
Transfer to retained earnings			(135)			(987)
Balance at end of year	4,405,921	1	2,572	4,216,011	1,000	1,550

In 1989 the Company approved the adoption of the successful efforts method of accounting which resulted in a decrease in retained earnings to a deficit of $987 million as at January 1, 1989. An amount of $987 million was transferred from contributed surplus to retained earnings to offset this deficit.

In October 1990 a reduction in the common share stated capital of $1,157 million and a corresponding increase in contributed surplus, together with a transfer from contributed surplus to retained earnings, were approved. The transfer from contributed surplus to retained earnings offset a deficit of $135 million.

In January 1991 the Company issued 37,415 common shares for a cash consideration of $31 million to Petro-Canada Limited, thereby increasing the number of issued common shares to 4,443,336.

In January 1991 the Company approved articles which amended its authorized share capital so as to provide for an unlimited number of:

(a) Preferred shares issuable in series designated as Senior Preferred Shares;

(b) Preferred shares issuable in series designated as Junior Preferred Shares; and

(c) Common shares.

18. Pension plans

The Company's plans are defined benefit plans with the benefits generally based upon years of service and average salary during the final years of employment. They are funded by the Company based upon the advice of an independent actuary.

Plan status as at December 31

	1990	1989
Actuarial value of assets	588	536
Pension obligation	527	508
Net pension asset	61	28

The net pension asset is amortized to earnings over the expected average remaining service life of the employees covered by the plans, which is currently 13 years.

Pension funding and expense amounted to $9 million (1989—$31 million) and $12 million (1989—$20 million), respectively.

PETRO-CANADA—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Continued*

19. Related party transactions

The Company has short-term notes payable, advances and long-term debt (Note 15) payable to Petro-Canada Limited, the former parent company (Note 2), and is negotiating with the Government of Canada to provide for the servicing and refinancing of this indebtedness.

Transactions with the Government of Canada and its agencies are in the normal course of business and are therefore on the same terms as those accorded to non-related parties.

20. Segmented information

The Company operates in two business segments:

Natural resources, comprising: exploration, development, production, transportation and marketing activities for crude oil, natural gas, field liquids, sulphur and oil sands; and extraction of liquids from natural gas.

Refined products, comprising: purchase and sale of crude oil; refining crude oil into oil products; and distribution and marketing of these and other purchased products.

Financial information by business segment is presented in the following table as though each segment were a separate business entity. Inter-segment transfers of products, which are accounted for at market value, are eliminated on consolidation. Corporate and other includes propane marketing, investment income, interest expense and unallocated general corporate revenues and expenditures. Corporate and other assets are principally cash and short-term deposits, investments in other companies, propane marketing assets and general corporate assets.

	Natural resources		Refined products		Corporate and other		Consolidated	
	1990	1989	1990	1989	1990	1989	1990	1989
Revenue								
Sales to customers and other revenues ...	506	511	4,934	4,442	433	73	5,873	5,026
Inter-segment sales	808	640	14					
Segment revenue	1,314	1,151	4,948	4,442	433	73		
Earnings								
Operating earnings (loss) before the following	678	527	377	339	54	(79)	1,109	787
Depreciation, depletion and amortization	(187)	(244)	(155)	(147)	(31)	(5)	(373)	(396)
Exploration expense	(111)	(98)					(111)	(98)
Interest					(278)	(222)	(278)	(222)
Provision for income taxes	(177)	(96)	(96)	(88)	107	133	(166)	(51)
Net earnings (loss)	203	89	126	104	(148)	(173)	181	20
Capital and exploration expenditures								
Property, plant and equipment and exploration expenditures	393	334	221	209	29	25	643	568
Investments			1	(1)	49	(75)	50	(76)
Other assets	2	4	10	3	5	11	17	18
Acquisitions					235		235	
	395	338	232	211	318	(39)	945	510
Total assets	2,724	2,733	3,694	3,406	860	604	7,278	6,743
Capital employed	2,474	2,498	2,964	2,822	663	203	6,101	5,523

PETRO-CANADA—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

21. Comparative figures

Certain reclassifications have been made to the 1989 comparative figures to conform with the current year's presentation.

22. Commitments and contingent liabilities

Commitments

(a) The Company has leased property and equipment under various long-term operating leases for periods up to 2009. The minimum annual rentals for non-cancellable operating leases are estimated at $115 million in 1991, $108 million in 1992, $83 million in 1993, $68 million in 1994, $56 million in 1995 and $34 million per year thereafter until 2009.

(b) During 1990 the Company signed agreements with other joint venture participants and with the governments of Canada and Newfoundland and Labrador to develop the Hibernia offshore oil field. Costs of this project to production start-up, which is expected in 1996, are estimated at $5.2 billion; the Company's 25% share after government contributions is expected to be approximately $1.1 billion. It is anticipated that total development costs subsequent to production start-up, estimated at approximately $3.4 billion, will be financed from cash flow from the Hibernia project.

Contingent liabilities

The Company is involved in litigation and claims associated with normal operations. Management is of the opinion that any resulting settlements would not materially affect the financial position of the Company.

PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION

AUDITORS' REPORT

TO THE SHAREHOLDER OF PETRO-CANADA
INTERNATIONAL ASSISTANCE CORPORATION

We have audited the balance sheets of Petro-Canada International Assistance Corporation (a wholly-owned subsidiary of Petro-Canada Limited) as at March 31, 1991 and 1990 and the related statements of operations and changes in financial position for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and 1990 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Arthur Andersen & Co.
Chartered Accountants

Calgary, Canada
April 19, 1991

BALANCE SHEET AS AT MARCH 31

ASSETS	1991	1990
	$	$
Current assets		
Cash	309	
Income taxes recoverable	69	372
Due from affiliated company, Petro-Canada	48,246	
Excess of total expenditures over parliamentary appropriations		3,110,299
	48,624	3,110,671

LIABILITIES AND SHAREHOLDER'S EQUITY	1991	1990
	$	$
Current liabilities		
Bank indebtedness		207
Due to affiliated company, Petro-Canada		3,110,463
Excess of parliamentary appropriations over total expenditures	48,623	
SHAREHOLDER'S EQUITY		
Share capital (Note 4)	1	1
	48,624	3,110,671

Approved on behalf of the Board:

P. M. TOWE
Director

J. M. STANFORD
Director

PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEARS ENDED MARCH 31

	1991	1990
	$	$
Project expenditures (Note 5)	38,443,733	47,452,442
Expenses		
General and administrative	1,397,299	1,847,543
Miscellaneous	157	845
Current income taxes	(111)	(2,747)
Total expenditures	39,841,078	49,298,083
Parliamentary appropriations during the year	43,000,000	49,300,000
	(3,158,922)	(1,917)
Total expenditures in excess of parliamentary appropriations at beginning of year	3,110,299	3,112,216
Total expenditures in excess of parliamentary appropriations (parliamentary appropriations in excess of total expenditures) at end of year	(48,623)	3,110,299

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED MARCH 31

	1991	1990
	$	$
Sources of cash		
Parliamentary appropriations	43,000,000	49,300,000
Decrease in income taxes recoverable	303	1,124
	43,000,303	49,301,124
Uses of cash		
Total expenditures	39,841,078	(49,298,083)
Change in due to and due from affiliated company, Petro-Canada	3,158,709	(3,822)
	42,999,787	(49,301,905)
Increase (decrease) in cash	516	(781)
Cash (bank indebtedness) at beginning of year	(207)	574
Cash (bank indebtedness) at end of year	309	(207)

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991 AND 1990

1. Incorporation

The Corporation was incorporated in 1981 by Petro-Canada Limited under the Canada Business Corporations Act as a wholly-owned subsidiary pursuant to directions provided by Order-in-Council P.C. 1981-2167 of August 5, 1981.

2. Operations

The Corporation's operations are financed by parliamentary appropriations. An affiliated company, Petro-Canada, provides technical and administrative services to the Corporation at cost.

3. The Petro-Canada Public Participation Act

On February 1, 1991 the Petro-Canada Public Participation Act ("the Act") received Royal Assent. The Act provides that:

> Petro-Canada Limited is authorized to transfer all the shares of the Corporation held by Petro-Canada Limited to the Minister designated by the Governor in Council,
>
> and
>
> the Minister is authorized to procure the dissolution of the Corporation.

On February 26, 1991, the Government of Canada announced that the Corporation would be dissolved in 1991. Foreign aid in the energy sector will continue to be provided through the Canadian International Development Agency.

4. Share capital

Authorized:

Common shares—Unlimited

Issued:

One common share for a cash consideration of one dollar.

PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991 AND 1990—*Concluded*

5. Project expenditures

Project expenditures consist of the following:

	1991	1990
	$	$
Africa		
Botswana	1,826,276	6,858,444
Ghana	175,299	5,664,478
Morocco	4,780,550	3,570,764
Kenya	1,595,473	1,434,782
Senegal/Gambia	9,549,575	684,535
Other		(26,831)
	17,927,173	18,186,172
Asia		
Nepal	(53,475)	2,156,273
Thailand	1,797,182	2,074,294
Myanmar (Burma)	52,148	1,301,179
Philippines	2,665,924	694,917
	4,461,779	6,226,663
Middle East		
Jordan	2,949,305	15,645,978
Western Hemisphere		
Barbados	2,546,900	
Sub Andean Basin	1,581,178	1,384,987
Colombia	4,022,057	1,367,543
Bolivia	930,442	743,603
Costa Rica	(845,831)	148,448
Other	51,985	(245,347)
	8,286,731	3,399,234
Francophonie	1,824,417	1,777,345
Technical Assistance Facility	1,191,417	1,236,256
Project Development	814,777	686,982
Alberta Summer Institute for Petroleum Industry Development	989,000	180,064
Committee for Coordination of Joint Prospecting of Mineral Resources in South Pacific Offshore Areas	(866)	113,748
	38,443,733	47,452,442

6. Contingent liabilities

The Corporation is involved in litigation and claims associated with normal operations. Management is of the opinion that any resulting settlements would not materially affect the financial position of the Corporation.

PETRO-CANADA LIMITED (formerly PETRO-CANADA)

AUDITORS' REPORT

TO THE MINISTER OF ENERGY, MINES AND RESOURCES

We have audited the consolidated balance sheet of Petro-Canada Limited (formerly Petro-Canada) (incorporated by Special Act of the Parliament of Canada) as at December 31, 1990 and 1989 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and 1989 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion these principles have been applied on a consistent basis.

Further, we have audited the transactions of the Corporation and its consolidated wholly-owned subsidiaries that came to our notice in the course of the above mentioned audits, to determine whether they were in accordance with Part X of the Financial Administration Act, the regulations, the charter and by-laws of the Corporation and its consolidated wholly-owned subsidiaries and any directives given to the Corporation pursuant to the Act. Our examinations of these transactions were made in accordance with generally accepted auditing standards. In our opinion, these transactions were, in all significant respects, in compliance with the authorities specified.

Arthur Andersen & Co.
Chartered Accountants

Calgary, Canada
February 15, 1991

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31,
(stated in millions of dollars)

ASSETS	1990	1989
		(Restated) (Notes 3 and 5)
Current assets		
Short-term notes receivable (Note 4)	705	710
Accrued interest receivable	27	30
Accounts receivable	4	1
Advances to Petro-Canada		148
	736	889
Investment in Petro-Canada (Note 3)		2,426
Debentures receivable (Note 4)	1,392	1,043
Deferred financing charges		11
	2,128	4,369

LIABILITIES AND SHAREHOLDER'S EQUITY	1990	1989
		(Restated) (Notes 3 and 5)
Current liabilities		
Short-term notes payable (Note 4)	705	710
Accrued interest payable	27	30
Accounts payable	4	1
	736	741
Long-term debt (Notes 4 and 6)	1,392	1,043
Shareholder's equity (Note 7)		2,585
	2,128	4,369

PETRO-CANADA LIMITED (formerly PETRO-CANADA)—*Continued*

CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEARS ENDED DECEMBER 31,
(stated in millions of dollars)

	1990	1989
		(Restated) (Notes 3 and 5)
Revenue		
Interest income	236	185
Expenses		
Interest on long-term debt	121	83
Other interest	113	101
Financing charges	13	
	247	184
Earnings (loss) before undernoted items	(11)	1
Provision for income taxes		
Earnings (loss) from continuing operations	(11)	1
Earnings from investment in Petro-Canada (Note 3)	159	5
Net earnings	148	6

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31,
(stated in millions of dollars)

	1990	1989
		(Restated) (Notes 3 and 5)
Retained earnings (deficit) at beginning of year, as previously reported	31	(1,434)
Prior period adjustment (Note 5)	(173)	(148)
Retained earnings (deficit) at beginning of year, as restated	(142)	(1,582)
Transfer from contributed surplus		1,434
Common shares dividends	(35)	
Net earnings	148	6
Retained earnings (deficit) at end of year	(29)	(142)

CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31,
(stated in millions of dollars)

	1990	1989
		(Restated) (Notes 3 and 5)
Cash provided by (used in)		
Net earnings	148	6
Non-cash items included in earnings	12	
	160	6
Less earnings from investment in Petro-Canada (Note 3)	(159)	(5)
	1	1
Increase in investment in and advances to Petro-Canada	(10)	(45)
Increase in other assets, net	(1)	(1)
Decrease in short-term notes receivable, net	5	258
Decrease in short-term notes payable, net	(5)	(258)
Proceeds from issue of long-term debt	347	240
Increase in debentures receivable	(347)	(240)
	(10)	(45)
Dividends on common shares	(35)	
Decrease in cash from continuing operations	(45)	(45)
Dividends from investment in Petro-Canada (Note 3)	45	45
Cash at beginning and end of year		

PETRO-CANADA LIMITED (formerly PETRO-CANADA)—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990
(stated in millions of dollars)

1. Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of Petro-Canada Limited (formerly Petro-Canada), an agent of Her Majesty in right of Canada, and its subsidiary Petro-Canada International Assistance Corporation ("the Corporation"). The former principal operating subsidiary Petro-Canada (formerly Petro-Canada Inc.) is accounted for as a discontinued operation for the reasons described in Notes 2 and 3.

(b) Translation of foreign currency

Monetary assets and liabilities are translated into Canadian dollars at rates of exchange in effect at the balance sheet date. Related interest income and expense are translated at rates of exchange in effect at the respective transaction dates. Unrealized exchange gains or losses arising on translation of debentures receivable and long-term debt are deferred and amortized over the remaining term of the debentures or debt.

2. The Petro-Canada Public Participation Act

On February 1, 1991 the Petro-Canada Public Participation Act ("the Act") received Royal Assent. The Act provides that:

— the name of the Corporation is changed from Petro-Canada to Petro-Canada Limited,

— the name of the former principal operating subsidiary of the Corporation is changed from Petro-Canada Inc. to Petro-Canada,

— the shares of Petro-Canada held by the Corporation are transferred to the Minister of State (Privatization and Regulatory Affairs) ("the Minister"),

— Petro-Canada is authorized to proceed with an Initial Public Offering of its shares to the public subject to certain restrictions,

— the Corporation is authorized to transfer the shares of Petro-Canada International Assistance Corporation held by the Corporation in accordance with the direction of the Governor in Council, and

— the Corporation be dissolved and the Petro-Canada Limited Act be repealed on a date to be fixed by the Governor in Council.

3. Transfer of shares of Petro-Canada

The transfer to the Minister of the shares of Petro-Canada held by the Corporation (Notes 2 and 7) is regarded by management to have been approved upon the passing of the Act, in the form of Bill C-84, by the House of Commons in December 1990. Accordingly, the Corporation's investment in Petro-Canada is accounted for as a discontinued operation effective December 31, 1990.

A summary of the assets and liabilities of Petro-Canada is as follows:

	1990	1989
Current assets	1,821	1,557
Investments	504	467
Property, plant and equipment	4,778	4,626
Other assets	175	93
Current liabilities	1,882	1,936
Long-term debt	1,537	1,232
Deferred credits	191	231
Deferred income taxes	997	967

At December 31, 1990 current liabilities of $732 million and long-term debt of $1,392 million were due to the Corporation.

Petro-Canada's total revenues for the year ending December 31, 1990 were $5,873 million (1989—$5,026 million) and the provision for income taxes was $166 million (1989—$51 million). Dividends received from Petro-Canada in 1990 were $45 million (1989—$45 million).

In January 1991 the Corporation received a dividend of $31 million from Petro-Canada and purchased common shares of Petro-Canada for $31 million.

The Corporation formally transferred its investment in Petro-Canada to the Minister on February 1, 1991.

4. Related party transactions

The Corporation has loaned the proceeds from the short-term notes payable and long-term debt to Petro-Canada, evidenced by short-term notes receivable and debentures receivable, on terms substantially the same as the Corporation's borrowing terms. In anticipation of the Initial Public Offering of the shares of Petro-Canada to the public, the Corporation is negotiating arrangements with Petro-Canada and the Government of Canada to provide for the servicing and repayment of the Corporation's outstanding debt and other obligations and the related obligations of Petro-Canada to the Corporation.

5. Prior period adjustment

In 1990 Petro-Canada was reassessed for income taxes and related interest for the 1983 taxation year and was notified of proposed reassessments for other years prior to 1990. As a result, the previously reported net earnings and retained earnings of the Corporation have been adjusted; retained earnings as at January 1, 1990 and 1989 have been reduced by $173 million and $148 million, and 1990 and 1989 net earnings have been reduced by $17 million and $25 million, respectively.

PETRO-CANADA LIMITED (formerly PETRO-CANADA)—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

6. Long-term debt

	Maturity	1990	1989
In United States dollars			
7.25% unsecured debentures (U.S. $200 million)	1996	232	232
9.50% unsecured debentures (U.S. $200 million)	2003	232	232
8.60% unsecured debentures (U.S. $300 million)	2010	348	
8.25% unsecured debentures (U.S. $200 million)	2016	232	232
9.70% unsecured debentures (U.S. $100 million)	2018	116	115
8.80% unsecured debentures (U.S. $200 million)	2019*	232	232
		1,392	1,043

*Redeemable in 2004 at the option of the holder thereof.

There are no minimum repayments of long-term debt in the next five years.

7. Shareholder's equity

	1990	1989
Capital	2,727	2,727
Retained earnings (deficit)	(29)	(142)
	2,698	2,585
Shareholder's equity attributed to investment in Petro-canada transferred to the Minister (Notes 2 and 3)	(2,698)	
		2,585

Authorized capital

(a) 71,188 common shares with a par value of one hundred thousand dollars each, and

(b) Preferred shares issued to the Government of Canada provided that the amount of such shares together with any loans received, and outstanding, from the Consolidated Revenue Fund of the Government of Canada is not in excess of one billion dollars. These shares have a par value of one dollar each, are redeemable at par at the option of the Corporation, carry no stated rate of dividend and are non-cumulative.

Issued (to the Government of Canada)

	Number of shares	1990	1989
Common shares	17,540	1,754	1,754
Preferred shares	972,771,853	973	973
Total capital		2,727	2,727

Contributed surplus

During 1989 the Board of Directors approved the adoption of the successful efforts method of accounting which resulted in a decrease in retained earnings to a deficit of $1,434 million as at January 1, 1989. The Governor in Council approved the surrender for cancellation of 14,343 common shares and this surrender and cancellation resulted in a contributed surplus of $1,434 million. Shareholder's equity at December 31, 1989 was adjusted to give effect to the contributed surplus and its offset against the deficit.

8. Commitments

The Corporation has leased office space in Petro-Canada Centre, an office building in Calgary, and has subleased this space to Petro-Canada. The minimum annual rentals are estimated at $35 million in 1991, $35 million in 1992, $36 million in 1993, $39 million in 1994, $41 million in 1995 and $47 million thereafter until 2009.

PORT OF QUÉBEC CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Port of Québec Corporation as at December 31, 1990 and the statements of income, contributed capital, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

We further report that, in our opinion, the transactions of the Corporation that have come to our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Ports Corporation Act and with the charter and by-laws of the Corporation.

Peat Marwick Thorne
Chartered Accountants

Québec, Canada
February 8, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current assets		
Cash	806,291	403,424
Investments (Note 1)	1,909,823	21,464,555
Accounts receivable	2,505,927	1,875,204
Materials and supplies	153,864	142,038
	5,375,905	23,885,221
Investments (Note 1)	6,729,236	6,702,891
Fixed assets (Note 2)	55,701,730	41,490,002
	67,806,871	72,078,114

LIABILITIES	1990	1989
	$	$
Current liabilities		
Accounts payable and accrued liabilities	3,530,662	1,749,375
Contribution payable to Canada	5,665,000	
Grants in lieu of municipal taxes	185,654	664,000
Deferred revenues	850,172	817,416
	10,231,488	3,230,791
Long-term		
Accrued employee benefits	971,700	890,000
EQUITY OF CANADA		
Contributed capital	51,852,198	63,182,198
Surplus	4,751,485	4,775,125
	56,603,683	67,957,323
	67,806,871	72,078,114

Contingencies (Note 5).
Commitments (Note 6).

On behalf of the Board:

GUY BOULANGER, FCA
Chairman

ROSS GAUDREAULT
President and Chief Executive Officer

PORT OF QUÉBEC CORPORATION—*Continued*

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Revenue from operations	11,460,609	11,313,942
Expenses		
Operating and administrative	10,692,721	9,713,793
Depreciation	2,173,736	2,055,558
Grants in lieu of municipal taxes	865,496	1,149,559
	13,731,953	12,918,910
Loss from operations	(2,271,344)	(1,604,968)
Investment income	2,169,951	2,899,549
Net income (loss) before unusual items	(101,393)	1,294,581
Gain in settlement of grants in lieu of municipal taxes	157,211	
Gain in settlement of past litigations		381,052
	157,211	381,052
Net income	55,818	1,675,633

STATEMENT OF CONTRIBUTED CAPITAL
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Balance at beginning of year	63,182,198	63,182,198
Contribution to Canada	(11,330,000)	
Balance at end of year	51,852,198	63,182,198

STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Surplus at beginning of year	4,775,125	3,179,492
Net income	55,818	1,675,633
Dividend to Canada	(79,458)	(80,000)
Surplus at end of year	4,751,485	4,775,125

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Cash provided by (used for)		
Operations		
Net income	55,818	1,675,633
Items not affecting cash		
Amortization of discount on Canada Government bonds	(26,345)	(26,345)
Depreciation	2,173,736	2,055,558
Loss (gain) on disposal of fixed assets	(36,443)	55,075
Accrued employee benefits	81,700	79,800
	2,248,466	3,839,721
Changes in non-cash operating working capital (Note 3)	6,358,148	851,649
	8,606,614	4,691,370
Investment		
Additions to fixed assets	(16,414,650)	(1,308,195)
Proceeds from disposal of fixed assets	65,629	45,546
	(16,349,021)	(1,262,649)
Financing		
Contribution to Canada	(11,330,000)	
Dividend to Canada	(79,458)	(80,000)
	(11,409,458)	(80,000)
Increase (decrease) in cash position	(19,151,865)	3,348,721
Cash position at beginning of year	21,867,979	18,519,258
Cash position at end of year	2,716,114	21,867,979
Cash position is represented by		
Cash	806,291	403,424
Investments	1,909,823	21,464,555
	2,716,114	21,867,979

PORT OF QUÉBEC CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990

General

The Port of Québec Corporation was incorporated on June 1, 1984, under section 6.2(1) of the Canada Ports Corporation Act. The Corporation is exempt from income tax.

Summary of significant accounting policies

(a) Investments

Investments are direct securities guaranteed by Canada. They are presented at amortized cost and the premiums or discounts are amortized over the periods to maturity.

(b) Fixed assets

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants received from Canada and from third parties for capital projects are deducted from the cost of the related fixed assets.

Depreciation is calculated on the straight-line basis commencing with the year the asset becomes operational, using the following annual rates:

Dredging	2.5%-6.7%
Berthing structures	2.5%-10%
Buildings	2.5%-10%
Utilities	3.3%-10%
Roads and surfaces	2.5%-10%
Machinery and equipment	5%-20%
Office furniture and equipment	20%

(c) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(d) Insurance

The Port of Québec Corporation assumes all risks with respect to workers' compensation claims. Any costs arising from these claims are recorded in the accounts in the year, based on the invoices received or to be received from Labour Canada for the year.

(e) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is estimated based on municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(f) Employee benefits

The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years under collective agreements, or in accordance with its policy.

1. Investments

Investments, which are direct securities guaranteed by Canada, are as follows:

	1990		1989	
	Cost	Market value	Cost	Market value
	$	$	$	$
Current	1,909,823	1,909,588	21,464,555	21,411,038
Long-term	6,729,236	7,176,618	6,702,891	7,520,074

2. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
	$	$	$	$
Land	11,098,253		11,098,253	11,098,253
Dredging	4,561,341	4,007,429	553,912	581,972
Berthing structures	23,167,788	17,494,638	5,673,150	5,800,251
Buildings	33,782,474	16,130,160	17,652,314	18,350,800
Utilities	3,839,101	2,404,838	1,434,263	1,431,895
Roads and surfaces	6,046,395	4,227,977	1,818,418	2,003,653
Machinery and equipment	794,948	357,628	437,320	222,344
Office furniture and equipment	1,713,401	783,088	930,313	346,757
Projects under construction	16,103,787		16,103,787	1,654,077
	101,107,488	45,405,758	55,701,730	41,490,002

3. Changes in non-cash operating working capital

	1990	1989
	$	$
Accounts receivable	(630,723)	780,369
Materials and supplies	(11,826)	(10,182)
Accounts payable and accrued liabilities	1,781,287	(206,576)
Contribution payable to Canada	5,665,000	
Grants in lieu of municipal taxes	(478,346)	265,800
Deferred revenues	32,756	22,238
	6,358,148	851,649

4. Related party transactions

During the year, the Corporation entered into transactions with related entities including various departments, government organizations and Crown corporations.

Principally, the Corporation earned rental revenues of $878,000 in 1990 from related entities ($577,000 in 1989). The expenses paid to related parties mainly consist in reimbursements of $803,000 ($696,000 in 1989) to Canada Ports Corporation as its share of the Corporation's head office expenses. The Corporation has also earned investment income of $2,170,000 ($2,900,000 in 1989) on Government of Canada securities.

The Corporation has accounts payable of $281,000 ($99,000 in 1989) and accounts receivable of $64,000 ($271,000 in 1989) with the same related parties.

PORT OF QUÉBEC CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

5. Contingencies

Claims aggregating approximately $1,000,000 have been received by the Corporation in respect to lawsuits and various other matters in dispute. In the Corporation's view, its position is defensible and the final outcome of such claims should not result in any material loss.

In addition, claims for an estimated amount of approximately $5,000,000 have been received by the Corporation concerning the ownership of certain lands. Any amount payable in connection with those claims will be capitalized to the cost of land.

These amounts are not recorded in the financial statements.

6. Commitments

The Corporation has made commitments totalling approximately $1,300,000 of which $33,000 have been expensed as at December 31, 1990, pertaining to the restoration of the main cereal terminal in 1991. In addition, funds committed for fixed assets projects in 1990, but not yet disbursed, amounted to approximately $1,000,000 as at December 31,1990.

PRINCE RUPERT PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Prince Rupert Port Corporation as at December 31, 1990 and the statements of income and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, and the letters patent and by-laws of the Corporation.

Peat Marwick & Thorne
Chartered Accountants

New Westminster, Canada
February 1, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current assets		
Cash	254,462	106,563
Investments (Note 2)	5,337,094	1,793,604
Accounts receivable	2,227,574	1,325,290
Materials and supplies	209,615	110,779
	8,028,745	3,336,236
Property and equipment (Note 3)	104,024,593	97,774,346
	112,053,338	101,110,582

LIABILITIES	1990	1989
	$	$
Current liabilities		
Accounts payable and accrued liabilities	282,641	3,317,012
Payable to Canada	2,174,570	1,864,733
Grants in lieu of municipal taxes	441,397	500,874
Deferred revenues	201,004	173,481
Current portion of loans from Canada	300,873	80,129
	3,400,485	5,936,229
Long-term debt		
Recoverable contribution from Canada (Note 4)	48,300,000	48,300,000
Loans from Canada (Note 5)	16,878,998	4,419,871
	65,178,998	52,719,871
EQUITY OF CANADA		
Contributed surplus	31,311,805	31,311,805
Surplus	12,162,050	11,142,677
	43,473,855	42,454,482
	112,053,338	101,110,582

Commitments (Note 6).

On behalf of the Board:

DONALD H. SEIDEL
Chairman

TERRENCE R. ANDREW
General Manager and Chief Executive Officer

PRINCE RUPERT PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND SURPLUS
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Revenue from operations	14,195,949	14,372,103
Expenses		
Operating and administrative	9,272,992	9,614,220
Depreciation	1,652,365	701,994
Grants in lieu of municipal taxes	439,826	544,573
	11,365,183	10,860,787
Income from operations	2,830,766	3,511,316
Other income (expense)		
Interest income	1,000,973	985,783
Loss on disposal of property and equipment	(283,573)	
Interest expense	(1,554,732)	(83,562)
	(837,332)	902,221
Net income	1,993,434	4,413,537
Surplus, beginning of year	11,142,677	7,852,327
	13,136,111	12,265,864
Dividend to Canada	974,061	1,123,187
Surplus, end of year	12,162,050	11,142,677

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Cash provided by (used in)		
Operations		
Net income	1,993,434	4,413,537
Items not involving cash		
Depreciation	1,652,365	701,994
Loss on disposal of property and equipment	283,573	
Changes in non-cash operating working capital		
Accounts receivable	(902,284)	(463,865)
Materials and supplies	(98,836)	(17,115)
Accounts payable and accrued liabilities	(3,034,371)	2,630,846
Grants in lieu of municipal taxes	(59,477)	106,276
Deferred revenues	27,523	24,151
	(138,073)	7,395,824
Financing		
Increase in payable to Canada	309,837	1,845,865
Increase in loans from Canada	12,679,871	4,500,000
Dividend to Canada	(974,061)	(1,123,187)
	12,015,647	5,222,678
Investment		
Purchase of property and equipment	(8,186,185)	(27,204,293)
Increase (decrease) in cash position	3,691,389	(14,585,791)
Cash position, beginning of year	1,900,167	16,485,958
Cash position, end of year	5,591,556	1,900,167

Cash position is defined as cash and investments.

PRINCE RUPERT PORT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990

Local port corporation

The Prince Rupert Port Corporation was established effective June 1, 1984 as a local port corporation pursuant to the Canada Ports Corporation Act. The Corporation is exempt from income taxes.

On June 1, 1984, all the assets and liabilities of Canada Ports Corporation relating to the Port of Prince Rupert were transferred to the Corporation at their book value as recorded by Canada Ports Corporation.

1. Significant accounting policies

(a) Investments

The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

(b) Property and equipment

Property and equipment are recorded at cost. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related property and equipment.

Depreciation is calculated on the straight-line basis, commencing with the year the asset becomes operational, at rates based on the estimated useful lives of the assets as follows:

Dredging	5%
Berthing structures	2.5-10%
Buildings	5-10%
Roads and surfaces	3.3-10%
Utilities	5-10%
Machinery and equipment	5-100%
Office furniture and equipment	20-33.3%

(c) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(d) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is estimated based on municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) Employee benefits

The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years.

2. Investments

	1990	1989
	$	$
Amortized cost	5,337,094	1,793,604
Market value	5,277,293	1,791,970

3. Property and equipment

	1990			1989
	Cost	Accumulated depreciation	Net	Net
	$	$	$	$
Land	64,099,197		64,099,197	60,498,881
Dredging	306,049	9,528	296,521	3,624
Berthing structures	36,177,563	4,178,592	31,998,971	5,433,237
Buildings	3,055,486	692,957	2,362,529	1,948,769
Roads and surfaces	6,666,444	2,815,843	3,850,601	1,163,300
Utilities	2,985,663	1,948,593	1,037,070	1,201,014
Machinery and equipment	1,608,703	1,376,581	232,122	343,627
Office furniture and equipment	349,108	201,526	147,582	127,375
Construction in progress				27,054,519
	115,248,213	11,223,620	104,024,593	97,774,346

PRINCE RUPERT PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

4. Recoverable contribution from Canada

A recoverable contribution of $50,400,000 was approved for the construction of the infrastructure for the coal terminal facility on Ridley Island. The recoverable contribution as at December 31, 1990 is $48,300,000.

The total recoverable contribution was interest-free until April 1, 1989, thereafter it bears interest of approximately 13.9%.

Principal and interest on $48,300,000 of the contribution are repayable in annual instalments over a 20 year period, commencing April 1, 1989 contingent upon the revenues received from a direct coal throughput surcharge of $.463 per tonne for 1990, (escalating with the rate of increase in the Consumer Price Index) at a minimum throughput of 6,600,000 tonnes but not to exceed 12,000,000 tonnes per year. On April 1, 2009, it is anticipated that the unpaid balance of the contribution, if any, will be forgiven by the Government of Canada.

As the Corporation acts as an intermediary between Ridley Terminals Inc. and the Government of Canada, the surcharge revenues and interest payments are not reflected in the Corporation's statement of income. Rather, they are reflected on the balance sheet as payable to Canada.

As at December 31, 1990, the Corporation has received/receivable approximately $2,175,000 (1989, $1,900,000) in connection with the above surcharge which is included in payable to Canada.

5. Loans from Canada

	1990	1989
	$	$
Interest-bearing loans at 9.80% to 10.40% repayable in blended annual instalments, maturing in 2010	17,179,871	4,500,000
Less portion included in current liabilities	300,873	80,129
	16,878,998	4,419,871

Principal repayment requirements over the next five years are as follows:

	$
1991	301,000
1992	332,000
1993	366,000
1994	403,000
1995	444,000
	1,846,000

6. Commitments

(a) During the year the Corporation entered into an agreement with Canadian National Railway Company (CNR), whereby CNR sold to the Corporation 2.8 hectares of land in exchange for 0.913 hectares of land and $625,000.

The Corporation recorded the land acquired at the carrying value of the land sold and $625,000.

At year end, the Corporation had acquired title to the former CNR property but title had not yet transferred on the land sold from the Corporation to CNR.

(b) The Corporation rents a building under a long-term operating lease which expires May 1, 1991. The aggregate rental payable to the expiry date amounts to $90,088.

7. Related party transactions

(a) During the year, the Corporation received revenue of $1,654,584 (1989, $1,489,644) from Ridley Terminals Inc., a company in which Canada Ports Corporation has a significant investment. At December 31, 1990, the Corporation was owed $741,675 by Ridley Terminals Inc. (1989, $495,561).

(b) During the year the Corporation paid $534,884 (1989, $463,961) to Canada Ports Corporation as its share of that Corporation's head office expense.

ROYAL CANADIAN MINT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by Management in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards, and the integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the Financial Administration Act and regulations as well as the Royal Canadian Mint Act and by-laws of the corporation.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee which includes a majority of members who are not officers of the corporation. The Committee meets with Management, internal audit staff and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The corporation's external auditor, the Auditor General of Canada, examines the financial statements and reports to the Minister responsible for the Royal Canadian Mint.

M.A.J. Lafontaine
President and Master of the Mint

J.E. Uberig
Vice-President, Administration and Finance

AUDITOR'S REPORT

TO THE MINISTER OF SUPPLY AND SERVICES

I have audited the balance sheet of the Royal Canadian Mint as at December 31, 1990 and the statements of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Royal Canadian Mint Act and by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 27, 1991

ROYAL CANADIAN MINT—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Current		
Cash and short-term investments	17,194	26,632
Accounts receivable		
Government departments	81	152
Other	9,014	5,245
Prepaid expenses	1,140	1,543
Inventories (Note 3)	31,247	25,561
	58,676	59,133
Property, buildings and equipment (Note 4)	49,127	42,098
	107,803	101,231

LIABILITIES	1990	1989
Current		
Accounts payable		
Government departments	1,436	4,956
Other	16,849	16,504
Current portion of long-term loans (Note 5)	2,673	2,673
Deferred revenues (Note 6)	4,850	1,170
	25,808	25,303
Long-term		
Loans from Government of Canada (Note 5)	10,867	13,540
Provision for employee termination benefits	6,104	5,476
	16,971	19,016
SHAREHOLDER'S EQUITY		
Share capital	40,000	40,000
(authorized and issued, 4,000 non-transferable shares)		
Retained earnings	25,024	16,912
	65,024	56,912
	107,803	101,231

Approved by Management:

M. A. J. LAFONTAINE
President and Master of the Mint

J. E. UBERIG
Vice-President, Administration and Finance

Approved by the Board of Directors:

J. C. CORKERY
Chairman

ROYAL CANADIAN MINT—*Continued*

STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenues		
Precious metal coins	486,431	566,369
Canadian numismatic coins	46,644	57,582
Canadian circulation coins	32,843	89,655
Foreign contracts	31,852	24,500
Refinery	5,729	6,018
Investment and other income	2,663	5,394
	606,162	749,518
Expenses (Note 7)		
Cost of materials used	529,626	671,719
Salaries, wages and benefits	31,488	31,246
Promotion	11,020	14,132
Transportation and communications	5,068	5,636
Professional and special services	4,996	3,808
Utilities and supplies	4,562	5,557
Amortization of capital assets	2,827	2,679
Repairs and maintenance	2,141	2,339
Building and equipment rental	2,002	2,044
Interest on long-term loans	1,528	1,961
Miscellaneous	492	625
	595,750	741,746
Net earnings for the year	10,412	7,772
Retained earnings, beginning of year	16,912	9,140
Dividend	(2,300)	
Retained earnings, end of year	25,024	16,912

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Operating activities		
Net earnings for the year	10,412	7,772
Items not affecting funds		
Amortization of capital assets	2,827	2,679
	13,239	10,451
Net change in non-cash working capital	(8,476)	4,836
Increase in provision for employee termination benefits	628	404
	5,391	15,691
Investing activities		
Additions to capital assets (net)	(9,856)	(3,762)
Financing activities		
Decrease in loans from Government of Canada	(2,673)	(2,673)
Dividend	(2,300)	
Issue of share capital		40,000
Payment of net earnings to Government of Canada		(60,363)
	(4,973)	(23,036)
Decrease in cash	(9,438)	(11,107)
Cash and short-term investments, beginning of year	26,632	37,739
Cash and short-term investments, end of year	17,194	26,632

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Authority and objectives

The Mint was incorporated in 1969 by the Royal Canadian Mint Act and is an agent of Her Majesty named in Part II of Schedule III to the Financial Administration Act.

The objectives of the Mint are to mint coins in anticipation of profit and to carry out other related activities.

The Mint may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and the terms and conditions, but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed $50 million.

2. Significant accounting policies

(a) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date. Assets and liabilities denominated in foreign currency at the balance sheet date are translated into Canadian dollars at the exchange rate in effect at that date.

(b) Inventories

Raw materials, work in process and finished goods are valued at the lower of cost and net realizable value, cost being determined by the average cost method.

Supplies are valued at the lower of cost and replacement cost, cost being determined by the average cost method.

(c) Property, buildings and equipment

Property, buildings and equipment are recorded at cost and amortized under the straight-line method at the following annual rates:

Land improvements	21/2%
Buildings	21/2%
Equipment	10%

(d) Employee termination benefits

According to their collective agreement and terms of employment, employees are entitled to termination benefits. The liability for these benefits is recorded when earned by the employees.

(e) Pension plan

Employees participate in the Public Service Superannuation Plan, which is administered by the Government of Canada. The corporation's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions represent the total pension obligations of the corporation and are charged to operations on a current basis.

3. Inventories

	1990	1989
	(in thousands of dollars)	
Raw materials	15,631	12,317
Work in process	6,283	3,575
Finished goods	6,132	7,416
Supplies	3,201	2,253
	31,247	25,561

ROYAL CANADIAN MINT—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

In order to facilitate the production of precious metal coins, the Mint borrows the quantity of gold, platinum and silver required and pays interest based on the value of these metals established on the commodity markets. As at December 31, 1990, a total of 504,106 ounces of gold, 29,368 ounces of platinum and 45,480 ounces of silver was borrowed and was not reflected in these financial statements.

4. Property, buildings and equipment

	1990			1989
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Land	3,226		3,226	561
Land improvements	914	571	343	357
Buildings	43,752	9,613	34,139	29,816
Equipment	30,475	19,056	11,419	11,364
	78,367	29,240	49,127	42,098

5. Loans from Government of Canada

These loans bear interest at various annual rates ranging from 8.25% to 12.00% and are repayable according to the following schedule:

	(in thousands of dollars)
1991	2,673
1992	2,673
1993	2,673
1994	2,673
1995	2,673
1996-1998	175
	13,540
Current portion	(2,673)
	10,867

6. Deferred revenues

Deferred revenues represent payments received from customers for products to be shipped after December 31, 1990.

7. Expenses

Expenses include cost of goods sold, detailed as follows:

	1990	1989
	(in thousands of dollars)	
Materials used	529,626	671,719
Direct labour	4,284	4,587
Manufacturing overhead	27,418	26,909
	561,328	703,215

8. Related party transactions

Included in these financial statements are transactions with the Department of Finance relating to the borrowing, refining and purchasing of gold. These transactions were conducted in the normal course of business, under the same terms and conditions that apply to unrelated parties.

Transactions with the Department of Finance related to the production and delivery of Canadian circulation coins are generally carried out on a cost plus basis.

SAINT JOHN PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of the Saint John Port Corporation as at December 31, 1990 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Ports Corporation Act and the by-laws of the Corporation.

Ernst & Young
Chartered Accountants

Saint John, Canada
February 8, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Current		
Cash		7
Investments (Note 3)	13,386	11,419
Accounts receivable	1,182	1,327
Materials and supplies	28	45
	14,596	12,798
Long-term		
Long-term investments (Note 3)	962	959
Fixed assets (Note 4)	76,503	78,317
	77,465	79,276
	92,061	92,074

LIABILITIES	1990	1989
Current		
Bank indebtedness	50	
Accounts payable and accrued charges	1,760	1,110
Deferred revenues	521	378
Grants in lieu of municipal taxes	40	84
Due to Canada (Note 5)	2,455	
Current portion of deferred interest contribution	623	
	5,449	1,572
Long-term		
Loans from Canada (Note 6)	20,052	20,052
Financing provided by a province (Note 7)	19,696	19,696
Accrued employee benefits	481	425
Deferred interest contribution (Note 8)	708	
	40,937	40,173
	46,386	41,745
EQUITY OF CANADA		
Contributed capital (Note 5)	44,462	49,372
Retained earnings	1,213	957
	45,675	50,329
	92,061	92,074

On behalf of the Board:

HARRY P. GAUNCE
Chairman

KENNETH R. KRAUTER
General Manager and Chief Executive Officer

SAINT JOHN PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Revenues from operations	11,882	11,477
Expenses		
Operating and administrative	7,787	6,841
Grants in lieu of municipal taxes	587	754
Depreciation	2,585	2,696
Loss on disposal of fixed assets	745	98
	11,704	10,389
Income from operations	178	1,088
Investment income	1,668	1,501
Interest expense (Note 8)	(1,590)	(2,363)
Net income	256	226
Retained earnings, beginning of year	957	731
Retained earnings, end of year	1,213	957

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Cash provided by (used in)		
Operations		
Net income	256	226
Add items not requiring a cash payment		
Depreciation	2,585	2,696
Loss on disposal of fixed assets	745	98
Other	53	25
	3,639	3,045
Net change in non-cash working capital balances (Note 9)	911	486
	4,550	3,531
Financing		
Contribution to Canada	(4,910)	
Due to Canada	2,455	
Deferred interest contribution	1,331	
	(1,124)	
Investing		
Additions to fixed assets	(1,550)	(1,152)
Proceeds on disposal of fixed assets	34	
	(1,516)	(1,152)
Increase in cash	1,910	2,379
Cash position, beginning of year	11,426	9,047
Cash position, end of year	13,336	11,426

Cash position consists of cash, short-term investments and bank indebtedness.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990

1. Canada Ports Corporation Act and Incorporation

In accordance with the Canada Ports Corporation Act, a petition for the establishment of a local port corporation at the Port of Saint John was approved and the Saint John Port Corporation was incorporated under the laws of Canada effective at the closing of business on December 31, 1986 and commenced operations January 1, 1987.

In accordance with the Canada Ports Corporation Act, the assets, liabilities and equity were transferred to the Saint John Port Corporation at their carrying values in the accounts of the Canada Ports Corporation—Port of Saint John.

2. Significant accounting policies

(a) Investments

The investments are shown at amortized cost whereby premiums or discounts from par value are amortized over the periods to maturity.

(b) Fixed assets

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates as follows:

Dredging	2.5-6.7%
Berthing structures	2.5-10.0%
Buildings	2.5-10.0%
Utilities	3.3-10.0%
Roads and surfaces	2.5-10.0%
Machinery and equipment	5.0-100.0%
Office furniture and equipment	20.0%

(c) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(d) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) Employee benefits

The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay and annual leave which are payable to its employees in subsequent years under its collective agreements or in accordance with its policy.

SAINT JOHN PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

3. Investments

Investments are direct and guaranteed securities of Canada as follows:

	1990		1989	
	Amortized cost	Face value	Amortized cost	Face value
	(in thousands of dollars)			
Canada Treasury Bills	13,386	14,009	11,419	12,013
Canada Bonds	962	1,000	959	1,000

4. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Land	30,426		30,426	30,426
Dredging	1,967	1,516	451	469
Berthing structures	63,803	30,496	33,307	34,575
Buildings	13,897	7,712	6,185	7,106
Utilities	7,733	4,013	3,720	4,028
Roads and surfaces	5,345	4,528	817	1,035
Machinery and equipment	1,796	1,607	189	170
Office furniture and equipment	1,222	940	282	352
Work under construction	1,126		1,126	156
	127,315	50,812	76,503	78,317

5. Contributed capital

	1990	1989
	(in thousands of dollars)	
Contributed capital, beginning of year	49,372	49,372
Contribution to Canada	(4,910)	
Contributed capital, end of year	44,462	49,372

During the year the Federal Government required payment of $4.91 million from the Corporation as a contribution toward the Federal Government deficit reduction. At December 31, 1990 $2.455 million was outstanding, and was paid in early 1991.

6. Loans from Canada

	1990	1989
	(in thousands of dollars)	
Term loans bearing interest at 11.0% to 12.43% maturing between December 31, 1998 and 2005	20,052	20,052

7. Financing provided by a province

The Province of New Brunswick advanced $25,000,000 to partially finance the construction of Rodney Terminal Complex, Saint John. The province will receive annual principal payments equal to approximately 47% of the net operating income of the terminal until the non-interest bearing advance is repaid. The cost of major repairs has been included in calculating the net operating income of the terminal and the current portion payable as at December 31, 1990 has been calculated accordingly. The province is disputing this accounting treatment. Had net operating income not been reduced by the cost of these major repairs, the current portion payable would be approximately $1,109,000.

8. Deferred interest contribution

During the year the Federal Government advanced the Corporation $2,000,000 to offset interest payments in 1990, 1991 and 1992 on the $6,665,000 debt owed to the Federal Government with respect to Rodney Terminal.

The original amount of the advance plus the interest earned will be available to fund interest payments required over the three year period. The anticipated interest payments will be $2,485,500. The defined interest credits will be absorbed on a straight line basis over the period. The funds on hand at December 31, 1990, $1,331,000, are available to reduce interest expense in 1991 and 1992. Interest expense for 1990 was reduced by approximately $773,000 as a result of the application of the deferred credit.

9. Net change in non-cash working capital balances

	1990	1989
	(in thousands of dollars)	
Decrease (increase) in current assets		
Accounts receivable	145	185
Materials and supplies	17	1
	162	186
Increase (decrease) in current liabilities		
Accounts payable and accrued charges	650	220
Deferred revenues	143	99
Grants in lieu of municipal taxes	(44)	(19)
	749	300
	911	486

10. Related party transactions

During the year the Corporation paid $803,000 (1989—$696,000) to Canada Ports Corporation as its share of that Corporation's head office expense.

11. Comparitive figures

Certain of the 1989 figures have been reclassified to conform with the statement presentation adopted for the current year.

ST. JOHN'S PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of the St. John's Port Corporation as at December 31, 1990, and the statements of income and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Ports Corporation Act and the by-laws of the Corporation.

Doane Raymond
Chartered Accountants

St. John's, Canada
February 6, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current		
Cash	29,289	1,834
Investments (Note 3)	2,495,892	1,311,118
Accounts receivable	528,987	370,777
Due from Canada	66,000	75,095
	3,120,168	1,758,824
Fixed (Note 4)	14,134,876	14,784,522
	17,255,044	16,543,346

LIABILITIES	1990	1989
	$	$
Current		
Accounts payable and accrued liabilities	377,493	250,346
Grants in lieu of municipal taxes	47,104	46,375
Deferred revenues	337,911	301,238
Current portion of loans from Canada	241,331	220,036
	1,003,839	817,995
Accrued employee benefits	121,160	91,491
Loans from Canada (Note 5)	2,670,795	2,912,126
	3,795,794	3,821,612
EQUITY OF CANADA		
Contributed capital	10,131,636	10,131,636
Surplus	3,327,614	2,590,098
	13,459,250	12,721,734
	17,255,044	16,543,346

Contingencies (Note 6).

On behalf of the Board:

FRED M. MILLEY
Chairman

DAVID J. FOX
Port Manager and Chief Executive Officer

ST. JOHN'S PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND SURPLUS
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Revenue from operations	3,351,142	3,026,807
Operating and administrative expenses	1,619,361	1,637,620
Depreciation	889,114	781,964
Grants in lieu of municipal taxes	53,662	39,124
	2,562,137	2,458,708
Income from operations	789,005	568,099
Investment income	249,991	182,182
Interest expense	(301,480)	(320,894)
Net income	737,516	429,387
Surplus, beginning of year	2,590,098	2,160,711
Surplus, end of year	3,327,614	2,590,098

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Cash provided from (used for)		
Operating activities		
Net income	737,516	429,387
Depreciation	889,114	781,964
Other non-cash items	29,669	(15,833)
	1,656,299	1,195,518
Changes in		
Accounts receivable	(158,210)	(9,593)
Due from Canada	9,095	(75,095)
Accounts payable and accrued liabilities	127,147	(526,343)
Grants in lieu of municipal taxes	729	(46,800)
Deferred revenues	36,673	22,542
Current portion of loans from Canada	21,295	19,414
	1,693,028	579,643
Financing activities		
Capital grants	1,324,905	2,075,095
Loans from Canada	(241,331)	(220,036)
	1,083,574	1,855,059
Investing activities		
Proceeds on disposals of fixed assets	8,335	
Purchase of fixed assets	(1,572,708)	(3,077,986)
	(1,564,373)	(3,077,986)
Net cash provided (used)	1,212,229	(643,284)
Cash and short term investments, beginning of year	1,312,952	1,956,236
Cash and short term investments, end of year	2,525,181	1,312,952

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990

1. In accordance with the Canada Ports Corporation Act, a petition for the establishment of a local port corporation at the Port of St. John's was approved and the St. John's Port Corporation was established effective June 1, 1985.

   In accordance with the Canada Ports Corporation Act, the assets, liabilities and equity were transferred at their carrying values in the accounts of the Canada Ports Corporation—Port of St. John's to the St. John's Port Corporation.

2. Significant accounting policies

(a) Investments

The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

(b) Fixed assets

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

Depreciation is recorded on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates indicated in Note 4.

(c) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

(d) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) Employee benefits

The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years in accordance with its policy.

3. Investments

	1990		1989	
	Amortized cost	Face amount	Amortized cost	Face amount
	$	$	$	$
Short-term	2,495,892	2,532,400	1,311,118	1,324,100

ST. JOHN'S PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

4. Fixed assets

	1990				1989
	Depreciation rates	Cost	Accumulated depreciation	Net book value	Net book value
	%	$	$	$	$
Land		4,735,248		4,735,248	4,643,700
Berthing structures	2.5-10	9,521,795	5,830,191	3,691,604	3,886,220
Buildings	2.5-10	1,912,791	1,320,048	592,743	640,122
Utilities	3.3-10	3,104,583	948,962	2,155,621	2,305,995
Roads and surfaces	2.5-10	4,056,498	1,525,300	2,531,198	2,942,618
Machinery and equipment	5-100	307,646	115,429	192,217	202,770
Office furniture and equipment	20	224,567	156,066	68,501	60,175
Projects under construction		167,744		167,744	102,922
		24,030,872	9,895,996	14,134,876	14,784,522

5. Loans from Canada

	1990	1989
	$	$
Term loans, bearing interest at 9.33% to 10.015%, maturing between 1997 and 2000, repayable in equal annual instalments of principal and interest of $521,516	2,912,126	3,132,162
Principal instalments payable within one year	241,331	220,036
	2,670,795	2,912,126

The loans from Canada are unsecured.

Annual principal repayments in each of the next five years are as follows: 1991—$241,331; 1992—$264,689; 1993—$290,309; 1994—$318,412; 1995—$349,238.

6. Contingent liabilities

Claims aggregating approximately $364,000 arising from alleged damages suffered on the Corporation's property have been received by the Corporation.

The Corporation is a third party defendant, and has denied any liability, and no material loss is anticipated.

7. Related party transactions

During the year, the Corporation received advances on a capital grant from the federal government in the amount of $1,334,000. The remaining grant of $66,000 will be advanced to the Corporation in 1991.

During the year the Corporation paid $222,512 (1989—$193,008) to Canada Ports Corporation as its share of that Corporation's head office expense.

THE ST. LAWRENCE SEAWAY AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The St. Lawrence Seaway Authority as at March 31, 1991 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1991, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, The St. Lawrence Seaway Authority Act and the by-laws of the Authority.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 10, 1991

BALANCE SHEET AS AT MARCH 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current		
Cash and term deposits	19,828	16,759
Accounts receivable	5,811	7,500
Accrued interest receivable	2,073	1,375
Supplies inventory	3,022	2,996
	30,734	28,630
Long-term		
Investments (Note 3)	36,911	44,862
Receivable	70	93
Investment in subsidiaries (Note 4)	10	10
Capital assets (Note 5)	525,779	526,692
	593,504	600,287

LIABILITIES	1991	1990
Current		
Accounts payable and accrued liabilities	12,032	13,065
Large corporation tax payable (Note 7)	2,011	756
	14,043	13,821
Long-term		
Accrued employee termination benefits (Note 3)	13,182	12,788
	27,225	26,609
Commitments and contingencies (Notes 8 and 9)		
EQUITY OF CANADA		
Contributed capital (Note 6)	624,950	624,950
Deficit	(58,671)	(51,272)
	566,279	573,678
	593,504	600,287

Approved:

G.R. STEWART
President

C. LEMELIN
Comptroller and Treasurer

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991					1990
	Montreal-Lake Ontario Section	Welland Section	Total Seaway	Thousand Islands Bridge	Total	Total
Revenues						
Tolls	27,575	31,600	59,175		59,175	58,958
Leases and licenses	932	2,962	3,894	722	4,616	4,239
Others	1,464	1,055	2,519	1,404	3,923	3,316
	29,971	35,617	65,588	2,126	67,714	66,513
Expenses						
Operating	6,866	12,004	18,870		18,870	17,957
Maintenance	14,791	12,754	27,545	328	27,873	24,705
Administration	5,239	5,870	11,109	46	11,155	11,136
Headquarters	5,100	5,809	10,909	96	11,005	9,600
Amortization	4,854	5,876	10,730	32	10,762	10,560
Employee termination benefits	727	921	1,648		1,648	1,818
	37,577	43,234	80,811	502	81,313	75,776
Income (loss) from operations	(7,606)	(7,617)	(15,223)	1,624	(13,599)	(9,263)
Investment income	3,087	3,515	6,602	853	7,455	7,229
Net income (loss) before large corporation tax	(4,519)	(4,102)	(8,621)	2,477	(6,144)	(2,034)
Large corporation tax	577	656	1,233	22	1,255	756
Net income (loss) for the year	(5,096)	(4,758)	(9,854)	2,455	(7,399)	(2,790)

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991			1990
	Seaway	Thousand Islands Bridge	Total	Total
Retained earnings (deficit), beginning of the year	(58,965)	7,693	(51,272)	(48,482)
Net income (loss) for the year	(9,854)	2,455	(7,399)	(2,790)
Retained earnings (deficit), end of the year	(68,819)	10,148	(58,671)	(51,272)

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991
(in thousands of dollars)

	1991			1990
	Seaway	Thousand Islands Bridge	Total	Total
Cash provided by (used in)				
Operating activities				
Net income (loss) for the year	(9,854)	2,455	(7,399)	(2,790)
Items not requiring cash				
Amortization	10,730	32	10,762	10,560
Provision for termination benefits	1,648		1,648	1,818
(Profit) loss on disposal of capital assets	(355)		(355)	34
Net change in working capital components other than cash and term deposits	3,109	(1,922)	1,187	(816)
Payment of termination benefits	(1,254)		(1,254)	(1,664)
Cash provided by operating activities	4,024	565	4,589	7,142
Financing activities				
Funding from Federal Government for Welland Canal Rehabilitation Program	27,300		27,300	26,900
Cash provided by financing activities	27,300		27,300	26,900
Investing activities				
Reduction in long-term receivables	23		23	56
Decrease (increase) in investments	7,951		7,951	(3,422)
Increase in capital assets	(36,755)	(565)	(37,320)	(29,474)
Disposal of capital assets	526		526	
Cash used in investing activities	(28,255)	(565)	(28,820)	(32,840)
Increase in cash	3,069		3,069	1,202
Cash and term deposits at beginning of year	16,759		16,759	15,557
Cash and term deposits at end of year	19,828		19,828	16,759
Working capital position at end of year				
Current assets	30,734		30,734	28,630
Current liabilities	22,223	(8,180)	14,043	13,821
	8,511	8,180	16,691	14,809

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and objectives

The St. Lawrence Seaway Authority was established in 1954 under The St. Lawrence Seaway Authority Act and is classified as a parent Crown corporation under Schedule III Part I of the Financial Administration Act.

The Authority was established to construct and operate a deep waterway between the Port of Montreal and Lake Erie together with such works and other property, including bridges incidental to the deep waterway, as deemed necessary by the Governor in Council.

Under the St. Lawrence Seaway Authority Act, the Authority must file the tariff of tolls with the National Transportation Agency. This tariff of tolls then becomes operative from the date of filing.

2. Accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of significant accounting policies follows:

(a) Supplies inventory

Supplies inventory comprises equipment and supplies used in the operation and maintenance of the Seaway and is recorded at cost.

(b) Investments in subsidiaries

Investments in wholly-owned subsidiary companies are recorded at cost. The financial statements of the subsidiary companies have not been consolidated in these financial statements because changes in the equity of the subsidiaries do not accrue to the Authority. Separate audited financial statements for each of the subsidiary companies are available to the public.

(c) Capital assets

Capital assets are recorded at cost. Replacements and major improvements which increase the capacity of the deep waterway system or extend the estimated useful lives of existing assets are capitalized. Repairs and maintenance are charged to operations as incurred and major betterments incurred to assure the reliability of the system are capitalized. The cost of assets sold, retired, or abandoned, and the related accumulated amortization are removed from the accounts on disposal. Gains or losses on disposals are credited or charged to operations.

Amortization is recorded using the straight-line method based on the estimated useful lives of the assets.

(d) Welland Canal Rehabilitation Program

Funding received from the Government of Canada for this program is accounted for by crediting the amount against the costs of related capital projects undertaken during the year, with amortization to be calculated on the net amount.

(e) Employee termination benefits

Employees of the Authority are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(f) Pension plan

All employees of the Authority are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

(g) Employee life insurance plan

The Authority provides a life insurance plan for its employees. Surpluses and deficits from the plan are included in revenues and/or expenses in the year in which they are incurred.

(h) Insurance

The Authority assumes substantially all risks in relation to compensation and damages to its locks. For all other assets the Authority carries conventional insurance.

(i) Thousand Islands Bridge

In September 1976, the Minister of Transport entrusted the Authority with the management and operation of the Thousand Islands Bridge, while the real property was vested in the name of Her Majesty in Right of Canada. Subsequent capital expenditures made by the Authority to improve the Bridge have been recorded as capital assets. The retained earnings of the Bridge represent its cumulative earnings since September 1976.

These financial statements have segregated the operations of the Thousand Islands Bridge on the premise that its management and operation by the Authority is independent of Seaway operations.

3. Long-term investments

In order to provide for major capital improvement projects of The St. Lawrence Seaway and the rehabilitation of the Canadian span at the Thousand Islands Bridge and for future employee termination benefits, the Authority has set aside the following long-term investments:

	1991	1990
	(in thousands of dollars)	
Capital improvements		
Government of Canada Bonds, maturing on varying dates up to 1995	9,053	9,053
Par value $9,000 (1990—$9,000)		
Market value $9,005 (1990—$8,292)		
Treasury Bills, maturing on varying dates up to August 1991 (1990—Up to March 1991)	4,858	12,809
Investment Certificates, maturing March 1994 and March 1995	10,000	10,000
	23,911	31,862
Termination benefits		
Deposit with Consolidated Revenue Fund, maturing March 1994	13,000	13,000
	36,911	44,862

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Continued*

4. Subsidiaries and related parties

Investments in wholly-owned subsidiaries consist of the following:

	Number of shares	Cost
		$
Great Lakes Pilotage Authority, Ltd. (GLPA)	15	1,500
The Jacques Cartier and Champlain Bridges Incorporated (JCCB)	1	100
The Seaway International Bridge Corporation, Ltd. (SIBC)	8	8,000
		9,600

During the year ended March 31, 1991, the Authority provided JCCB with certain administration services for which it charged $686,280 (1990—$653,000). At March 31, 1991, $77 was receivable (1990—$76,000).

Each calendar year, SIBC pays a bridge user charge to the Authority (1990—$602,174; 1989—$406,018) towards amortization of the Authority's construction and interest costs related to the North Channel Bridge. At March 31, 1991, $4.6 million (1990—$5.2 million) in construction costs remained unamortized.

The Canadian Coast Guard provides the Authority with navigational aids services. The fee paid by the Authority for this service during the year amounted to $595,000 (1990—$565,000).

5. Capital assets

	Amortization rate	1991 Cost	1991 Accumulated amortization	1991 Net	1990 Net
		(in thousands of dollars)			
Seaway					
Land		29,880		29,880	30,027
Channels and canals	1%	249,108	76,149	172,959	175,451
Locks	1%	237,372	92,291	145,081	147,397
Bridges and tunnels	2%	101,749	48,236	53,513	55,466
Buildings	2%	12,147	7,117	5,030	5,129
Equipment	2-20%	30,387	17,026	13,361	13,853
Remedial works	1%	121,458	26,549	94,909	96,127
Work under construction		9,078		9,078	1,807
		791,179	267,368	523,811	525,257
Thousand Islands Bridge Improvements	2%	2,343	375	1,968	1,435
		793,522	267,743	525,779	526,692

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

Welland Canal Rehabilitation Program

In 1985, the Authority engaged consultants to examine in detail, and report on, the structural condition of the Welland Canal system. The report was submitted during 1986 and, as a result, a seven-year $175 million rehabilitation program has been established to refit the Welland Canal and ensure a continued safe and reliable waterway into the 21st century. The program consists of refurbishing lock walls, stabilizing the canal banks and approach walls, and rehabilitating ancillary structures.

During 1986, the Government of Canada approved funding for the financing of the Welland Canal Rehabilitation Program for an amount not to exceed $175 million over a period of seven years. To date the federal government funding has amounted to $117.3 million, all of which has been spent on the program and has been deducted from related works under construction. As at March 31, 1991, $115.5 million of the approved amount for the first five years was received and $1.8 million (1990—$4.2 million) is included in accounts receivable.

The Government of Canada funding for the remainder of the program is:

	(in millions of dollars)
1991-92	28.7
1992-93	29.0
Total	57.7

6. Contributed capital

As of April 1, 1977, loans from Canada of $624.95 million were converted to equity by parliamentary appropriation. This amount was recorded as contributed capital.

The parliamentary appropriation authorizing the 1977 conversion of loans from Canada to equity also authorized the Minister to fix, from time to time, the amount that shall be paid by the Authority annually out of its toll revenue as a return on capital. No return on capital has been required to be paid for the years ended March 31, 1991 and 1990.

7. Income taxes

The Authority, as a prescribed Federal Crown corporation, is subject to the provisions of the Income Tax Act. The Authority is not subject to any provincial income taxes.

Currently, unamortized capital cost for tax purposes is in excess of the net book value of capital assets by approximately $230 million. The tax effect of this excess has not been recorded in the accounts of the Authority. The Authority also has accumulated research and development costs of approximately $4 million which are available to reduce the taxable income of future years.

The Federal Budget of April 1989 included the introduction of a Large Corporation Tax. The tax is levied on taxable capital employed in Canada and is to be applied after June 1989. The Authority has made provision for the estimated amount payable for the years 1991 and 1990.

8. Commitments

At March 31, 1991, contractual obligations for capital and other expenditures, including Welland Canal Rehabilitation Program, amounted to $195,000 (1990—$4.7 million). The Authority is committed to make future minimum operating lease payments, required for office space for a term in excess of one year, as follows:

	(in thousands of dollars)
1991-92	269
1992-93	269
1993-94	269
1994-95	269
Subsequent years	179

9. Contingencies

There is a total of $79 million in claims instituted against the Authority. These arise from a breakdown of the Valleyfield bridge in November 1984, an October 1985 Lock 7 wall blowout, compensation and damages in connection with the expropriation of lands and various other claims. The Authority is contesting all these claims and their outcome cannot be determined at this time although management is of the opinion that these actions will not result in any material losses to the Authority. The Authority is also the claimant in certain other pending or threatened claims and lawsuits.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The Jacques Cartier and Champlain Bridges Incorporated as at March 31, 1991 and the statements of operations, deficit, contributed capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations and the charter and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 3, 1991

BALANCE SHEET AS AT MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash and Treasury bills	2,985,689	4,064,877
Accounts receivable	447,751	108,719
Due from Canada	4,095,050	3,129,245
	7,528,490	7,302,841
Fixed		
Land	3,771,945	3,771,945
Bridges	73,277,951	73,277,951
Vehicles and equipment	897,238	907,630
	77,947,134	77,957,526
Less: accumulated depreciation	61,971,177	61,004,427
	15,975,957	16,953,099
	23,504,447	24,255,940

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable	4,254,350	3,640,602
Due to parent company	2,865	66,103
Deferred revenues	79,759	404,620
	4,336,974	4,111,325
Long-term		
Provision for employee termination benefits	442,329	703,563
	4,779,303	4,814,888
Commitments and contingencies (Notes 6 and 7)		
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—50 shares without par value		
Issued and fully paid—1 share	100	100
Contributed capital	32,838,965	32,699,587
Deficit	(14,113,921)	(13,258,635)
	18,725,144	19,441,052
	23,504,447	24,255,940

Approved by the Board:

GLENDON R. STEWART
Director

ROGER J. FORGUES
Director

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Continued*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991

	Jacques Cartier Bridge	Champlain Bridge	Total 1991	Total 1990
	$	$	$	$
Revenues				
Tolls (Note 3)		1,019,479	1,019,479	7,978,204
Interest	195,926	195,926	391,852	432,671
Other	199,834	233,915	433,749	290,295
	395,760	1,449,320	1,845,080	8,701,170
Expenses				
Maintenance (Note 4)	6,403,368	14,937,867	21,341,235	15,087,024
Operation	1,017,722	2,373,103	3,390,825	5,221,007
Administration	695,422	1,536,362	2,231,784	2,156,848
Depreciation	68,248	1,048,272	1,116,520	1,117,224
	8,184,760	19,895,604	28,080,364	23,582,103
Loss before unusual items	7,789,000	18,446,284	26,235,284	14,880,933
Unusual items				
License revenue from prior years	252,954	38,850	291,804	
Costs incurred upon tolls suppression (Note 3)		1,481,331	1,481,331	
Loss for the year	7,536,046	19,888,765	27,424,811	14,880,933

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Balance at beginning of the year	13,258,635	12,084,052
Loss for the year	27,424,811	14,880,933
	40,683,446	26,964,985
Parliamentary appropriation—Operations	26,569,525	13,706,350
Balance at end of the year	14,113,921	13,258,635

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Balance at beginning of the year	32,699,587	32,592,693
Parliamentary appropriation—Fixed assets	139,378	106,894
Balance at end of the year	32,838,965	32,699,587

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Net loss for the year	(27,424,811)	(14,880,933)
Non-cash items		
Depreciation	1,116,520	1,117,224
Increase (decrease) in the provision for employee termination benefits	(261,234)	57,359
	(26,569,525)	(13,706,350)
Changes in non-cash items of working capital	(113,383)	1,273,601
	(26,682,908)	(12,432,749)
Investing activities		
Additions to fixed assets	(150,045)	(109,029)
Proceeds from the disposal of fixed assets	10,667	2,135
	(139,378)	(106,894)
Financing activities		
Parliamentary appropriation	26,708,903	13,813,244
Cash and cash equivalents		
Increase (decrease) for the year	(113,383)	1,273,601
Balance at beginning of the year	7,194,122	5,920,521
Balance at end of the year (*)	7,080,739	7,194,122
(*) Cash and Treasury bills	2,985,689	4,064,877
Due from Canada	4,095,050	3,129,245
	7,080,739	7,194,122
Working capital position at year-end		
Current assets	7,528,490	7,302,841
Current liabilities	4,336,974	4,111,325
	3,191,516	3,191,516

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Continued*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and activities

The Jacques Cartier and Champlain Bridges Incorporated was established under the Canada Business Corporations Act on November 3, 1978 and is a wholly owned subsidiary of The St. Lawrence Seaway Authority, which is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The Corporation is dependent on the Government of Canada for its financing.

Effective December 1, 1978, the Corporation assumed the responsibility for the operation, maintenance and control of the Jacques Cartier and Champlain bridges and of a portion of the Bonaventure Autoroute, situated in the Montreal area.

2. Significant accounting policies

(a) Fixed assets

Fixed assets acquired from the National Harbours Board (now Canada Ports Corporation) on December 1, 1978 were recorded at their then book values with an offset to contributed capital. Subsequent additions are recorded at cost.

Fixed assets are depreciated over their estimated economic lives using the straight-line method, at the following rates:

Jacques Cartier Bridge	4.8%
Champlain Bridge	2.5%
Vehicles and equipment	10% and 20%

The cost of the portion of the Bonaventure Autoroute for which the Corporation is responsible and the initial cost of the Jacques Cartier Bridge are fully depreciated.

The cost of major maintenance is charged to operations in the year in which the work is performed.

(b) Parliamentary appropriation

The amount of the parliamentary appropriation used to cover the loss for the year is reflected in the statement of deficit. In this regard, operating expenses do not include depreciation and any change in the provision for employee termination benefits.

The portion of the parliamentary appropriation used to finance the acquisition of fixed assets is recorded as contributed capital.

Any balance of the parliamentary appropriation required to finance the loss for the year and not received at the year-end is shown as an amount due from Canada. Any parliamentary appropriation received in excess of requirements is recorded as due to Canada. It is the Corporation's policy to reimburse this amount in the following fiscal year.

(c) Deferred revenues

Rental revenues collected in advance are recorded as deferred revenues.

(d) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided under their collective agreements and their conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(e) Pension plan

Employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the Corporation. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

(f) Expenses

Expenses incurred with respect to the portion of the Bonaventure Autoroute for which the Corporation is responsible are included with those for the Champlain Bridge.

(g) Income tax

As a federal Crown corporation, the Corporation is not subject to provincial income tax. However, it is subject to the federal Income Tax Act from the fact that its parent corporation has been prescribed by regulation under that Act.

3. Abolition of tolls

The minister of Transport decided to abolish the tolls for the Champlain Bridge from May 4, 1990. The net loss of revenue resulting from this decision, of approximately $6,000,000 per year, will be funded through parliamentary appropriation.

On this respect, the Corporation had paid $1,481,331 during the year for employee termination benefits, costs of removing certain installations and costs of terminating equipment lease.

4. Major maintenance

In its endeavour to keep the bridges and the autoroute in a good state of repair, to protect the public and serve traffic needs throughout the useful life of these installations, the Corporation must undertake major repairs, notably on the deck of both bridges. The cost of the repairs to the deck of the Champlain bridge is estimated at more than $35 million of which $7 million has been incurred to March 31, 1991. With regard to the repairs to the Jacques Cartier bridge, the urgency and the nature of the work have yet to be defined; it is therefore not possible at this time to assess the cost of the program which will have to be carried out over a number of years. It is expected that the eventual cost of this program will be funded through parliamentary appropriations.

5. Related party transactions

Related party transactions not otherwise disclosed in these financial statements are as follows:

Administrative services from the parent company amounted to $698,290 ($696,195 in 1990). As at March 31, 1991, an unpaid balance thereon of $78 ($66,103 in 1990) is included in the amount due to the parent company. The Corporation estimates the cost of such services for the next year to be approximately $773,000.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Concluded*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

The Corporation paid an amount of $58,401 to the Montreal Port Corporation concerning the follow-up of fine records for the year ended March 31, 1991 ($573,410 for 1990 represents regular services and follow-up of fine records). No amount was unpaid as at March 31, 1991 and 1990.

6. Commitments

(a) Leases

The aggregate minimum rental payments under long-term leases for equipment and premises through to April 30, 1992 are approximately $121,000 on an annual basis.

(b) Operation services

The minimum amount which will be paid in future years under an agreement for operation services ending on June 30, 1994 is $2,763,564 on an annual basis.

(c) Suppliers

At March 31, 1991, contractual obligations to suppliers amounted to $30,865,383.

7. Contingencies

In connection with its operations, the Corporation is the claimant or defendant in certain pending claims and lawsuits. It is the opinion of management that these actions will not result in any material liabilities to the Corporation.

However, in view of its major maintenance works, management expects to receive other claims of amounts that cannot be estimated but that could be significant. The amounts of those claims will be charged to the results of the year in which they will be received to a level that it will judge appropriate.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The Seaway International Bridge Corporation, Ltd. as at December 31, 1990 and the statements of operations, and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, the St. Lawrence Seaway Authority Act, and the by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 14, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current		
Cash and short-term deposits	548,083	500,415
Accounts receivable	11,214	11,967
	559,297	512,382
Capital assets (Note 3)		
Cost	487,368	437,069
Less: accumulated amortization	253,304	216,144
	234,064	220,925
	793,361	733,307

LIABILITIES	1990	1989
	$	$
Current		
Accounts payable and accrued liabilities	166,308	61,125
Accrued employee termination benefits	64,113	118,574
Due to The St. Lawrence Seaway Authority	295,977	281,727
Deferred revenue	48,897	32,487
	575,295	493,913
Long-term		
Accrued employee termination benefits	202,066	223,394
Debentures payable (Note 4)	8,000	8,000
	210,066	231,394
	785,361	725,307
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—An unlimited number of common shares		
Issued and fully paid—8 shares	8,000	8,000
	793,361	733,307

Approved by the Board:

G. R. STEWART
President and Director

J. L. EMERY
Vice-President and Director

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2—*Continued*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Revenues		
Tolls	2,229,623	1,953,875
Rentals	79,890	66,928
Interest	38,892	35,468
Other	8,736	4,922
	2,357,141	2,061,193
Expenses		
Salaries and employee benefits	1,156,909	1,099,640
Maintenance, materials and services	199,121	369,618
Professional services	164,551	10,872
Employee termination benefits	49,295	37,297
Amortization	48,653	40,927
Insurance	41,183	43,358
Relocation	33,138	
Electricity	18,092	17,642
Grants in lieu of municipal taxes	11,013	9,403
Travel	7,253	2,794
Office supplies	7,156	11,042
Telephone	3,762	3,560
Advertising	1,392	400
Other	13,449	8,622
	1,754,967	1,655,175
Excess of revenues over expenses due as bridge user charge (Note 5)	602,174	406,018

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Operating activities		
Cash provided from (used in) operations		
Excess of revenues over expenses due as bridge user charge	602,174	406,018
Items not requiring cash		
Employee termination benefit accruals	49,295	37,297
Amortization	48,653	40,927
	700,122	484,242
Payments to The St. Lawrence Seaway Authority for bridge user charge	(446,018)	(332,579)
Payments of employee termination benefits	(125,084)	(2,923)
Change in other non-cash working capital items	(19,560)	202,473
	109,460	351,213
Investing activities		
Additions to capital assets	(61,792)	(7,424)
Increase in cash	47,668	343,789
Cash and short-term deposits, beginning of the year	500,415	156,626
Cash and short-term deposits, end of the year	548,083	500,415
Working capital position at year-end		
Current assets	559,297	512,382
Current liabilities	575,295	493,913
	(15,998)	18,469

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2—*Continued*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990

1. Authority and activities

The Seaway International Bridge Corporation, Ltd. is a Crown corporation pursuant to the Financial Administration Act and is a wholly-owned subsidiary of The St. Lawrence Seaway Authority, a parent Crown corporation named in Schedule III Part I of the aforementioned Act. The Corporation was incorporated under the Canada Corporations Act in 1962, continued under the Canada Business Corporations Act, and is subject to The St. Lawrence Seaway Authority Act. Its purpose is to operate and manage the international toll bridge system between Cornwall, Ontario, and Rooseveltown, New York, on behalf of The St. Lawrence Seaway Authority and its U.S. counterpart, the Saint Lawrence Seaway Development Corporation.

2. Accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of significant accounting policies follows:

Bridge user charge

As described in Note 5 to the financial statements, the Corporation is required to distribute, as a bridge user charge, its excess of revenues over expenses for the year. The current year excess is included in the "Due to The St. Lawrence Seaway Authority" amount on the balance sheet.

Distribution and amortization are dependent on the Corporation's ability to generate excess revenues. Accordingly, the unamortized balances of the total cost to The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation, as set out in Note 5, are not recorded as a liability in the books of the Corporation.

Capital assets and amortization

Capital assets are recorded at cost. These costs include moveable and removeable assets acquired to operate the bridge. The cost of the North Channel Bridge is recorded in the books of The St. Lawrence Seaway Authority.

Amortization on these assets is based on their estimated useful life and is calculated on the straight-line method at the following annual rates:

Automotive	20%
Maintenance equipment	10% to 20%
Office and toll equipment	10% to 20%
Bridge equipment	5%

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under the conditions of employment. The liability for these benefits is recorded in the accounts as the employees become entitled to the benefits.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Corporation. These contributions represent the total pension liability of the Corporation and are recognized in the accounts on a current basis.

Deferred revenue

Revenue from unredeemed toll tickets is deferred.

Employee life insurance plan

The Corporation provides a life insurance plan for its employees. Surpluses, and deficits from the plan are included in revenues and/or expenses in the year in which they are incurred.

3. Capital assets

	1990			1989
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Automotive	97,469	64,579	32,890	4,883
Maintenance equipment	105,124	75,559	29,565	36,352
Office and toll equipment	244,768	105,165	139,603	145,684
Bridge equipment	40,007	8,001	32,006	34,006
	487,368	253,304	234,064	220,925

4. Debentures payable

These debentures; due on December 31, 2012, are non-interest bearing and payable to the Saint Lawrence Seaway Development Corporation.

5. Bridge user charge

By agreement between The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation, the annual excess of revenues over expenses of the Corporation is due as a bridge user charge; first, to the Authority to offset the amortization of the cost of the North Channel Bridge together with interest; then to the Saint Lawrence Seaway Development Corporation to offset the amortization of a $300,000 contribution towards the cost of the Raquette River Bridge; and the balance, if any, is then divided equally between both parties.

All bridge user charges since the commencement of the Corporation's operations have been paid to The St. Lawrence Seaway Authority. At December 31, the unamortized balance of the total cost of the North Channel Bridge was as follows:

	1990	1989
	$	$
Cost of construction	8,539,695	8,539,695
Interest	2,569,652	2,569,652
	11,109,347	11,109,347
Less: bridge user charges		
Beginning of year	5,886,572	5,480,554
Current year charge	602,174	406,018
End of year	6,488,746	5,886,572
Unamortized balance	4,620,601	5,222,775

THE ST. LAWRENCE SEAWAY AUTHORITY—*Concluded*

APPENDIX 2—*Concluded*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990—*Concluded*

6. Bridge use

With the approval of the National Transportation Agency of Canada, the Corporation has continued the practice of providing free usage of the bridge system to certain North American Indians. This represents a substantial portion of the Bridge traffic.

7. Related party transactions

In addition to the transactions disclosed elsewhere in these financial statements, The St. Lawrence Seaway Authority provides to the Corporation, without charge, certain engineering and administrative support services.

STANDARDS COUNCIL OF CANADA

AUDITOR'S REPORT

TO THE STANDARDS COUNCIL OF CANADA
AND THE
MINISTER OF CONSUMER AND CORPORATE AFFAIRS

I have audited the balance sheet of Standards Council of Canada as at March 31, 1991 and the statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Council that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Standards Council of Canada Act and by-laws of the Council.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 17, 1991

BALANCE SHEET MARCH 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash	642,246	557,936
Accrued interest	6,669	11,211
Accounts receivable		
Federal government departments	202,762	256,134
Other	282,696	268,293
Parliamentary appropriation receivable	415,817	469,000
Inventory of foreign standards	57,261	56,720
Prepaid expenses	322,158	375,939
	1,929,609	1,995,233
Capital		
Office furniture and equipment (Note 3)	155,971	229,426
	2,085,580	2,224,659

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	656,537	795,302
Customer and other deposits	65,857	68,035
Deferred sales revenue	110,795	221,591
	833,189	1,084,928
Long-term		
Provision for employee termination benefits	268,297	242,491
	1,101,486	1,327,419
EQUITY OF CANADA		
Retained earnings	984,094	897,240
	2,085,580	2,224,659

Approved by the Council:

GEORGES ARCHER
President

JOHN WOODS
Executive Director

STANDARDS COUNCIL OF CANADA—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Expenses		
Salaries, wages and employee benefits	2,954,512	3,359,381
Travel	922,701	1,295,550
Membership in international organizations	810,932	749,838
Direct cost of standards sold	767,608	776,967
Publications and printing	724,676	846,738
Office accommodation	467,734	458,818
Exchange of national standards	365,334	293,973
Telephone and postage	259,993	247,411
Professional and special services	175,153	148,682
Amortization	104,649	122,327
Public relations	91,093	286,122
Rental of office equipment	57,014	48,656
Meetings	53,860	70,980
Office supplies	43,119	45,657
Financial assistance to standards-writing organizations		400,000
Other	203,542	209,119
	8,001,920	9,360,219
Less: GATT Enquiry Point/Europe 1992 operating costs recovered from Department of External Affairs	473,357	484,733
cost of development assistance programs recovered from Canadian International Development Agency (CIDA)	25,984	21,737
	7,502,579	8,853,749
Revenues		
Sale of standards	1,392,364	1,340,848
Accreditation fees	136,310	49,150
Interest income	71,365	85,934
Other	38,577	18,515
	1,638,616	1,494,447
Cost of operations	5,863,963	7,359,302
Parliamentary appropriation		
Consumer and Corporate Affairs Vote 35 (1990—Vote 30)	5,950,817	7,564,000
Excess of parliamentary appropriation over cost of operations for the year	86,854	204,698

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Balance at beginning of the year	897,240	692,542
Excess of parliamentary appropriation over cost of operations for the year	86,854	204,698
Balance at end of the year	984,094	897,240

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
	$	$
Operating activities		
Excess of parliamentary appropriation over cost of operations for the year	86,854	204,698
Items not requiring an outlay of cash		
Amortization	104,649	122,327
Amortization charges recovered from GATT Enquiry Point	24,000	24,000
Employee termination benefits accrued	33,963	72,368
	249,466	423,393
Payment of employee termination benefits	(8,157)	(86,330)
Changes in current liabilities and current assets other than cash	(101,805)	(193,796)
Cash provided by operating activities	139,504	143,267
Investing activities		
Purchase of office furniture and equipment	(55,194)	(131,380)
Increase in cash during the year	84,310	11,887
Cash at beginning of the year	557,936	546,049
Cash at end of the year	642,246	557,936

STANDARDS COUNCIL OF CANADA—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Authority and objectives

The Standards Council of Canada was created by Parliament as a corporation under the Standards Council of Canada Act in 1970 to be the national co-ordinating body for voluntary standardization. The Council is a Crown corporation named in Part I of Schedule III to the Financial Administration Act. The Council carries out its task through the National Standards System, a federation of accredited organizations concerned with standards-writing, certification, and testing.

The objectives of the Council are to foster and promote voluntary standardization in fields relating to the construction, manufacture, production, quality, performance, and safety of buildings, structures, manufactured articles, and products and other goods and to further international co-operation in the field of standards.

2. Significant accounting policies

(a) Office furniture and equipment

Office furniture and equipment are recorded at cost and amortized on a straight-line basis over the estimated useful life of the assets as follows:

Furniture	5 years
Equipment	4 years

(b) Inventory

Inventory of foreign standards is valued at the lower of cost or replacement cost.

(c) Recognition of recoverable expenses

Recoveries, in respect of agreements with the Department of External Affairs for the operation of the GATT Enquiry Point/Europe 1992, and for development assistance programmes, are recognized at the time the related expenses are incurred.

(d) Parliamentary appropriation

Parliamentary appropriation is recorded on an accrual basis in the year in which the corresponding expenses are incurred but is drawn upon only as cash disbursements are made.

(e) Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(f) Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Council. Contributions with respect to current service are expensed on a current basis.

3. Office furniture and equipment

	1991			1990
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Office furniture	167,037	140,566	26,471	35,018
Office equipment	726,288	596,788	129,500	194,408
	893,325	737,354	155,971	229,426

4. Lease commitment

The Council is leasing office space at its present location for a five-year term which expires in June 1992. The future minimum annual rental under this agreement is $410,133.

5. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Council enters into transactions with these entities in the normal course of business.

6. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

TELEGLOBE CANADA

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of Teleglobe Canada as at December 31, 1990 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Teleglobe Canada Act and regulations and by-laws of the corporation and the Teleglobe Canada Reorganization and Divestiture Act.

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada
March 6, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990

ASSETS	1990	1989
	$	$
Current		
Cash and temporary investments, at cost	301,458	310,828
Accrued interest	2,755	1,049
Income tax recoverable	4,571	
	308,784	311,877

LIABILITIES	1990	1989
	$	$
Current		
Accounts payable	20,546	12,128
Income tax payable		5,037
	20,546	17,165
EQUITY OF CANADA		
Retained earnings	288,238	294,712
	308,784	311,877

Approved by the Board:

JACQUES DE COURVILLE
Director

RONALD MONTCALM
Director

TELEGLOBE CANADA—*Concluded*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Interest income	37,351	244,410
Administration expenses	47,896	99,114
Income (loss) before income tax	(10,545)	145,296
Income tax (recovery)	(4,071)	63,092
Net income (loss)	(6,474)	82,204
Retained earnings at beginning of year	294,712	2,712,508
	288,238	2,794,712
Amounts remitted to the Government of Canada		2,500,000
Retained earnings at end of year	288,238	294,712

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1990

	1990	1989
	$	$
Cash provided by (used in) operations		
Net income (loss)	(6,474)	82,204
Changes in non-cash working capital items	(2,896)	(37,748)
	(9,370)	44,456
Amounts remitted to the Government of Canada		(2,500,000)
Cash and temporary investments		
Decrease	(9,370)	(2,455,544)
Balance at beginning of year	310,828	2,766,372
Balance at end of year	301,458	310,828

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1990

1. Authority and activities

Teleglobe Canada is a Crown corporation created by the Teleglobe Canada Act and named in Part II of Schedule III to the Financial Administration Act. The corporation is subject to federal income tax.

Since the sale of its assets to Memotec Data Inc. on April 3, 1987, following the adoption of the Teleglobe Canada Reorganization and Divestiture Act, the corporation's activities consist of the management of its cash resources and the performance of other duties and functions leading to dissolution. The foregoing Act stipulates that on dates to be fixed by proclamation, the corporation's name will be changed to TH (1987) and it will be wound up.

2. Guarantees

As at December 31, 1990, the corporation is guarantor of the following obligations of Teleglobe Canada Inc., towards one of its suppliers:

Maturities	Amounts in pounds sterling
May 16, 1991	2,289,670
November 16, 1991	2,213,444
May 16, 1992	2,127,746
November 16, 1992	2,047,462
May 16, 1993	1,963,117
	10,641,439

Based on the exchange rate at December 31, 1990, this amount represents 23,881,517 Canadian dollars.

Arrangements have been made with this supplier and its bankers for the Government of Canada to assume these guarantees in the event of the dissolution of the corporation.

VANCOUVER PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Vancouver Port Corporation as at December 31, 1990 and the statements of income and retained earnings and changes in cash resources for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations and the charter and by-laws of the Corporation.

Peat Marwick Thorne
Chartered Accountants

Vancouver, Canada
January 30, 1991

BALANCE SHEET AS AT DECEMBER 31, 1990
(in thousands of dollars)

ASSETS	1990	1989
Current assets		
Cash	529	272
Investments (Note 1)	89,123	89,796
Accounts receivable	9,387	6,894
Materials and supplies	364	417
	99,403	97,379
Long-term receivables (Note 2)	6,264	6,702
Property and equipment (Note 3)	202,214	199,283
	307,881	303,364

LIABILITIES	1990	1989
Current liabilities		
Accounts payable and accrued liabilities	3,639	4,533
Special payment to Canada (Note 6)	17,865	
Grants in lieu of municipal taxes	4,631	3,823
Deferred revenues	2,890	2,403
	29,025	10,759
Accrued employee benefits	1,427	1,271
Loan from Canada (Note 4)	3,256	3,504
	33,708	15,534
EQUITY OF CANADA		
Contributed capital	88,273	88,273
Retained earnings (Note 6)	185,900	199,557
	274,173	287,830
	307,881	303,364

Contingencies (Note 5).

On behalf of the Board:

PATRICK REID, OC
Chairman

COLIN B. WARNER, CA
Director

VANCOUVER PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Operating revenue	57,904	52,390
Expenses		
Operating and administrative expenses	24,231	20,823
Grants in lieu of municipal taxes	5,926	5,461
Depreciation	7,864	7,273
	38,021	33,557
Income from operations	19,883	18,833
Investment income	10,644	9,820
Interest expense	(297)	(296)
	10,347	9,524
Net income	30,230	28,357
Retained earnings, beginning of year	199,557	179,275
	229,787	207,632
Special payment to Canada (Note 6)	(35,730)	
Dividend payment to Canada	(8,157)	(8,075)
Retained earnings, end of year	185,900	199,557

STATEMENT OF CHANGES IN CASH RESOURCES
YEAR ENDED DECEMBER 31, 1990
(in thousands of dollars)

	1990	1989
Cash provided by (used for)		
Operations		
Net income	30,230	28,357
Items not involving cash		
Depreciation	7,864	7,273
Other	328	730
Changes in non-cash operating working capital	15,826	(6,784)
	54,248	29,576
Financing		
Loan from Canada currently payable	(248)	(230)
Dividend payment to Canada	(8,157)	(8,075)
Special payment to Canada	(35,730)	
	(44,135)	(8,305)
Investments		
Additions to property and equipment	(11,021)	(19,704)
Other	492	434
	(10,529)	(19,270)
Increase (decrease) in cash resources	(416)	2,001
Cash resources, beginning of year	90,068	88,067
Cash resources, end of year	89,652	90,068

Cash resources are defined to include cash and investments.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990

The Vancouver Port Corporation was established effective July 1, 1983 as a local port corporation pursuant to the Canada Ports Corporation Act and is a parent Crown corporation named in Schedule III, Part II of the Financial Administration Act. The Corporation is exempt from income taxes.

The Corporation's mission is to facilitate the efficient movement of maritime imports and exports through the Port of Vancouver in the best interest of Canadians.

Summary of significant accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles considered to be appropriate in the circumstances and consistently applied. A summary of the significant accounting policies of the Corporation is as follows:

(a) Property and equipment

Property and equipment are recorded at cost. Depreciation is calculated on the straight-line basis, commencing with the year the asset becomes operational, at rates based on the estimated useful lives of the assets as follows:

Dredging	15 to 40 years
Berthing structures, buildings, roads and surfaces	10 to 40 years
Utilities	10 to 33 years
Machinery and equipment	1 to 20 years
Office furniture and equipment	5 years

(b) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. Although the Plan is a defined benefit plan, the contributions represent the total pension liability of the Corporation and are recognized in the accounts on a current basis.

(c) Grants in lieu of municipal taxes

Grants in lieu of municipal taxes are estimated based on municipal assessments adjusted in accordance with the Municipal Grants Act. After the amounts have been audited by the Municipal Grants Division of Public Works Canada, any adjustments upon finalization are reflected in the accounts in the period of settlement.

(d) Employee benefits

The Corporation accrues estimated liabilities for severance pay and annual leave. These benefits are provided under collective agreements and corporate policy.

1. Investments

Current investments are in Government of Canada treasury bills and at December 31, 1990 and 1989 the market value of the treasury bills approximated carrying value.

VANCOUVER PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

2. Long-term receivables

	1990	1989
	(in thousands of dollars)	
Non-interest-bearing agreement with B.C. Rail, due as and when rail trackage is constructed on Roberts Bank causeway or April 1, 1994, whichever is earlier	3,947	3,947
Long-term agreement for sale of No. 1 Elevator, bearing interest at 6 5/8% per annum, payable in blended annual instalments of $462,916, maturing December 31, 1996	2,232	2,528
Less current portion	(315)	(296)
	1,917	2,232
Long-term agreement for sale of No. 3 Elevator, bearing interest at 5 3/4% per annum, payable in annual instalments of $117,720 plus interest, maturing August 1, 1994	471	589
Less current portion	(118)	(118)
	353	471
Other	47	52
	6,264	6,702

3. Property and equipment

	1990			1989
	Cost	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
Land	77,224		77,224	77,124
Dredging	366	213	153	165
Berthing structures	61,313	26,967	34,346	28,113
Buildings	49,189	11,922	37,267	32,442
Utilities	15,347	6,920	8,427	8,178
Roads and surfaces	33,884	20,502	13,382	13,745
Machinery and equipment	41,604	14,408	27,196	27,615
Office furniture and equipment	3,286	2,140	1,146	1,152
Projects under construction	3,073		3,073	10,749
	285,286	83,072	202,214	199,283

4. Loan from Canada

	1990	1989
	(in thousands of dollars)	
Interest-bearing loan at 7.5%, repayable in blended annual instalments, maturing December 31, 2000	3,504	3,734
Less current portion	(248)	(230)
	3,256	3,504

Principal repayment requirements over the next five years are as follows:

	(in thousands of dollars)
1991	248,000
1992	266,000
1993	286,000
1994	308,000
1995	331,000
	1,439,000

5. Contingencies

(a) At December 31, 1990, the Corporation had claims from municipalities for grants in lieu of taxes of approximately $9.4 million greater than the amount accrued in the financial statements.

(b) There are claims against the Corporation for $9.9 million plus unspecified damages. The likelihood of these claims succeeding is not determinable.

(c) Over a period of years, the Corporation has recorded revenues on certain leases which continue unresolved.

The effect, if any, of the ultimate resolution of the matters referred to in points (b) and (c) above will be accounted for as a prior period adjustment when known.

6. Related party transactions

In addition to the loan from Canada disclosed in Note 4, the Corporation paid $1,961,000 (1989, $1,701,000) to Canada Ports Corporation as its share of that Corporation's operating expenses.

The Corporation received notice during the year from Canada Ports Corporation to make payments totalling $35.73 million as part of the Federal Government's deficit reduction program announced in the February 20, 1990 budget. Half of this amount was paid in 1990, and the remainder will be paid in early 1991.

VIA RAIL CANADA INC.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of VIA Rail Canada Inc. as at December 31, 1990 and the statements of operations and reconciliation to Government funding basis, deficit, contributed surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations and the charter and by-laws of the corporation.

Kenneth M. Dye, FCA
Auditor General of Canada

Ottawa, Canada
February 12, 1991

BALANCE SHEET AS AT DECEMBER 31
(in thousands of dollars)

	1990	1989
Current assets		
Cash and term deposits	7,885	13,637
Accounts receivable	5,340	9,817
Receivable from the Government of Canada	157,483	144,651
Materials and supplies	40,607	37,216
	211,315	205,321
Long-term assets		
Investment (Note 4)	2,001	2,001
Properties (Note 5)	718,504	730,795
	720,505	732,796
	931,820	938,117

	1990	1989
Current liabilities		
Accounts payable and accrued liabilities	193,883	206,270
Deferred revenue	3,482	4,143
	197,365	210,413
Long-term liabilities		
Network restructuring (Note 3)	60,383	110,579
Deferred investment tax credits	10,643	11,555
	71,026	122,134
SHAREHOLDER'S EQUITY		
Share capital (Note 6)	9,300	9,300
Contributed surplus	752,346	762,328
Deficit	(98,217)	(166,058)
	663,429	605,570
	931,820	938,117

See accompanying notes to financial statements.

Signed on behalf of the Board:

GARY T. BRAZZELL
Director and Chairman of the Audit Committee

LAWRENCE HANIGAN
Director and Chairman of the Board

VIA RAIL CANADA INC.—*Continued*

STATEMENT OF OPERATIONS AND RECONCILIATION TO GOVERNMENT FUNDING BASIS
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1990	1989
Revenue		
Passenger	139,000	244,219
Contract	350,324	470,935
Other	3,762	4,430
	493,086	719,584
Expense		
Operations and maintenance	304,862	423,554
Customer and support services	142,567	229,898
General and administrative	47,232	68,156
Amortization	45,163	53,712
	539,824	775,320
Excess of expense over revenue before network restructuring and income taxes	46,738	55,736
Network restructuring expense (adjustment) (Note 3)	(14,875)	237,298
Network restructuring recovery	(59,676)	
Excess of revenue over expense (expense over revenue) before income taxes	27,813	(293,034)
Income taxes	1,437	782
Excess of revenue over expense (expense over revenue)	26,376	(293,816)
Reconciliation to government funding basis		
Items not requiring (providing) current operating funds		
Amortization and losses on properties	47,963	58,098
Network restructuring	(74,551)	235,686
	(26,588)	293,784
Deficit for the year	(212)	(32)

See accompanying notes to financial statements.

STATEMENT OF DEFICIT
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1990	1989
Balance at beginning of the year	166,058	373,031
Deficit for the year	212	32
Items not requiring (providing) current operating funds	(26,588)	293,784
Transfer from contributed surplus	(41,465)	(500,789)
Balance at end of the year	98,217	166,058

See accompanying notes to financial statements.

STATEMENT OF CONTRIBUTED SURPLUS
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1990	1989
Balance at beginning of the year	762,328	1,202,548
Capital funding from the Government of Canada	31,483	60,569
Transfer to deficit	(41,465)	(500,789)
Balance at end of the year	752,346	762,328

See accompanying notes to financial statements.

VIA RAIL CANADA INC.—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1990	1989
Cash provided by (used in) operating activities		
Excess of revenue over expense (expense over revenue)	26,376	(293,816)
Non-cash charges (credits) to operations		
Amortization of properties	46,075	55,025
Losses on write-off, retirement and disposal of properties	1,888	3,073
Amortization of investment tax credits	(912)	(1,313)
Write-down of properties and related investment tax credits (adjustment)	(6,498)	74,183
Changes in working capital items		
Accounts receivable	4,477	480
Receivable from the Government of Canada	(11,349)	(5,552)
Materials and supplies	(3,391)	(3,343)
Accounts payable and accrued liabilities	(17,325)	54,519
Deferred revenue	(661)	132
Long-term liabilities		
Network restructuring	(50,196)	110,579
	(11,516)	(6,033)
Cash provided by (used in) financing activities		
Capital funding from the Government of Canada	31,483	60,569
Change in amount receivable from the Government of Canada	(1,483)	75,717
	30,000	136,286
Cash provided by (used in) investment activities		
Properties	(31,483)	(60,505)
Proceeds from sale of surplus properties	2,309	
Changes in accounts payable and accrued liabilities	4,938	(60,214)
	(24,236)	(120,719)
Cash and term deposits		
Increase (decrease) during the year	(5,752)	9,534
Balance at beginning of the year	13,637	4,103
Balance at end of the year	7,885	13,637

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990

1. Authority and objectives

VIA Rail Canada Inc. is a Crown corporation named in Part I of Schedule III to the Financial Administration Act. It was incorporated in 1977 under the Canada Business Corporations Act. The corporation's mission is to manage and provide safe, efficient, effective and economic rail passenger services in Canada to meet the needs of the travelling public. It uses the roadway infrastructure of other railway companies which also assure the control of train operations.

The corporation is not an agent of Her Majesty. It is subject to the Income Tax Act (Canada) and those of certain provinces.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. The significant accounting policies followed by the corporation are summarized as follows:

(a) Government funding

Contract revenue, which pertains to services, activities and other undertakings provided by the corporation for the management and operation of railway passenger services in Canada, is recorded in the statement of operations on a realized and estimated basis. Any changes in estimates are accounted for in the year of change.

Any contract revenue from the Government of Canada to cover the costs of the network restructuring is recorded as a recovery in the statement of operations in the year in which the disbursements are made.

Funding received as financing for capital expenditures is recorded as contributed surplus.

(b) Charges under train service agreements

Effective January 15, 1990, the corporation entered into train service agreements and other agreements with Canadian Pacific Limited for the use of tracks and train personnel, control of train operations and rolling stock maintenance. It also entered into a train service and other agreements with Canadian National Railway Company effective January 1, 1989 to cover services provided by the latter. Charges under these agreements are not subject to adjustment by the National Transportation Agency.

Prior to these agreements, the corporation had an operating agreement with each of Canadian Pacific Limited and Canadian National Railway Company. The terms of these agreements are still in effect with respect to certain station facilities and ancillary services which are not yet covered by specific successor agreements. Charges under these operating agreements are subject to adjustment by the National Transportation Agency following a determination of the actual costs incurred each year using railway costing methodology approved by the National Transportation Agency. Charges for the years 1989 and 1990 have not yet been finalized.

Charges under these agreements are recorded on an incurred and estimated basis; any changes in estimates are accounted for in the year of change.

(c) Materials and supplies

Materials in store and on-board inventories are valued at weighted average cost, fuel at latest invoice price, and obsolete, surplus and scrap materials at estimated utility or net realizable value.

VIA RAIL CANADA INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Continued*

(d) Properties

Properties acquired from other railway companies at the start of operations in 1978 were recorded at the net transfer values. Subsequent additions, including those acquired under capital leases, are recorded at cost.

The costs of refurbishing and rebuilding rolling stock and costs associated with other property upgrading are capitalized if they are incurred to improve the service values or extend the useful lives of the properties concerned; otherwise, they are expensed as incurred.

(e) Amortization of properties

Amortization of properties is calculated on a straight-line basis at rates sufficient to write off the cost of properties over their estimated useful lives. The estimated useful lives for significant classes of properties are as follows:

Rolling stock	12 to 30 years
Maintenance buildings	25 years
Infrastructure improvements	5 to 38 years
Leasehold improvements	5 to 20 years
Other capital properties	3 to 20 years

No amortization is provided for projects in progress and retired rolling stock.

(f) Leases

Properties recorded under capital leases are amortized on a straight-line basis over the terms of the leases, which are representative of their useful lives.

Rental payments under operating leases are expensed as incurred.

(g) Income taxes

Government funding provided to the corporation to cover operating costs is determined on the basis of current needs. For this reason, income taxes are accounted for on the taxes payable basis as there is a reasonable expectation that all taxes payable in future years will be included in the approved formula for reimbursement and will be recoverable at that time.

(h) Deferred investment tax credits

Investment tax credits are deferred and amortized over the estimated useful lives of the related properties. The amortization of deferred investment tax credits is recorded as a reduction of the amortization of properties.

(i) Pension plans

The corporation has two contributory defined benefit retirement plans, based on retirement age, compensation and length of service, covering all its permanent employees.

The cost to the corporation thereunder is determined by actuarial valuations which allocate to each year the accrued portion of the benefits based on projections of employees' compensation levels to the time of their retirement.

Pension expense includes both the cost of benefits attributable to services rendered during the current year and the amortization of any unfunded liability in respect of past services. This amortization is calculated over the expected average remaining service lives of the active employee groups.

(j) Employee termination and special benefits

The cost of employee termination and special benefits provided for under labour agreements and special programmes is expensed in the year in which they are granted.

3. Network restructuring

On October 4, 1989, the corporation approved a plan for the restructuring of its transportation network whereby its operations were significantly reduced effective January 15, 1990. As a result, certain properties became surplus to ongoing needs and will be disposed of by December 1992 while employee terminations and reassignments took place mainly in 1990.

The cost of the network restructuring, based on management's best estimates, has been expensed (adjusted) as follows:

	1990	1989
	(in millions of dollars)	
Employee terminations and special benefits(1)	(7.9)	152.8
Loss on write-down of properties(2)	(6.5)	76.3
Other costs(3)	(0.5)	8.2
	(14.9)	237.3

(1) Severance payments and employment security benefits governed by labour agreements and special programmes which may extend to the year 1999.
(2) Surplus properties that have been written down to their estimated salvage values.
(3) Lease cancellation penalties, inventory provisions and other costs.

4. Investment

The corporation owns 4% of the common shares of Railroad Association Insurance, Ltd. (R.A.I.L.), which are recorded at cost. The book value of the shares, per the financial statements of R.A.I.L. as at November 30, 1990, was $4.9 million (1989—$3.9 million).

5. Properties

	1990			1989
	Cost	Accumulated amortization	Net	Net
	(in millions of dollars)			
Rolling stock	481.9	165.7	316.2	338.3
Maintenance buildings	215.4	42.9	172.5	166.6
Infrastructure improvements	78.5	11.8	66.7	72.8
Leasehold improvements	74.0	24.3	49.7	40.5
Other capital properties	122.7	83.7	39.0	36.5
	972.5	328.4	644.1	654.7
Projects in progress			68.6	72.8
Retired rolling stock			5.8	3.3
			718.5	730.8

At December 31, 1990 the gross value of assets under capital leases included above was $5.9 million (1989—$6.8 million) and related accumulated amortization thereon amounted to $3.0 million (1989—$2.9 million).

VIA RAIL CANADA INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990—*Concluded*

6. Share capital

The authorized share capital of the corporation is comprised of an unlimited number of common shares of no par value. As at December 31, 1990 and 1989, 93,000 shares at $100 per share have been issued and fully paid.

7. Commitments

(a) The future minimum rental payments relating to operating leases mainly for real estate, computer equipment and services are as follows:

	(in millions of dollars)
1991	13.0
1992	11.4
1993	6.9
1994	8.0
1995	9.3
Subsequent years up to 2034	241.3
	289.9

(b) There are no obligations under capital leases as lease payments applicable to the initial terms were paid in lump sums at the inception of the leases.

(c) As at December 31, 1990, the corporation has outstanding commitments amounting to $64.8 million, mainly in respect of upgrading rolling stock and equipment.

8. Pension plans

The latest actuarial valuations of the pension plans were carried out as at December 31, 1987. Based on these valuations and actuarial projections made for 1988, 1989 and 1990, the accumulated plan benefits as at December 31, 1990 are $634 million. The net assets available to provide for these benefits at market related values as at that date amount to $600 million.

9. Related party transactions

In the normal course of business, transactions with other Crown corporations amounted to:

	1990	1989
	(in millions of dollars)	
Revenue	5.1	8.0
Operating expense	82.8	121.0
Capital expenditures	21.3	7.8
Balance payable	52.7	24.5

10. Contingencies

In the ordinary course of business, various claims and lawsuits have been brought against the corporation. It is the opinion of management that the settlement of these actions will not result in any material liabilities to the corporation beyond any amounts already provided.